



**James B. Lewis**  
State Treasurer

STATE OF NEW MEXICO  
**OFFICE OF THE TREASURER**

2055 South Pacheco St. Suite 100 & 200  
P.O. Box 5135  
Santa Fe, New Mexico 87505

Phone: (505) 955-1120  
FAX (505) 955-1195

**Marilyn L. Hill**  
Deputy State Treasurer

# **STATE TREASURER'S INVESTMENT COMMITTEE**

TREASURER'S CONFERENCE ROOM

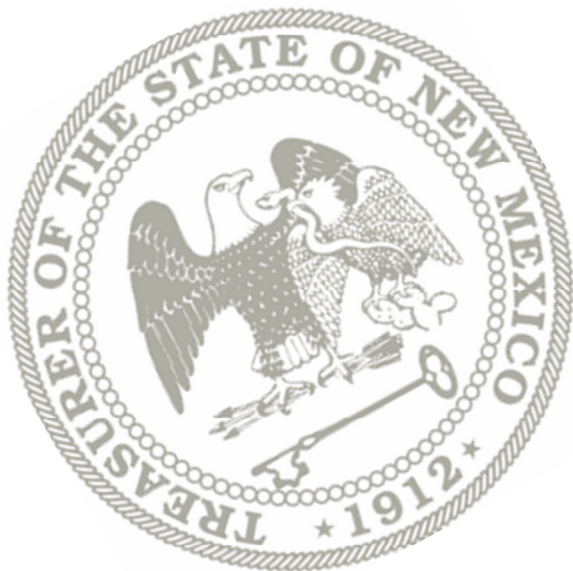


**Bosque del Apache-Dan Monaghan:** The "Festival of the Cranes" each fall is the best-known event centered on this beautiful National Wildlife Refuge along the Rio Grande. Each winter thousands of Sandhill Cranes, and tens of thousands of Snow Geese call this land of marsh and grain-filled fields home.  
On El Camino Real National Scenic Byway.

**WEDNESDAY, OCTOBER 9, 2013**  
**9:00AM**

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# 1. In Memory of Friend and Colleague- Mr. J. Paul Boushelle



**In Memory of our  
Friend and Colleague;  
J. Paul Boushelle ~ His  
spirit and sense of  
humor will be missed!**

*"TREASURER JAMES B. LEWIS AND STAFF 2013"*

## A Tribute to J. Paul Boushelle

**Mr. J. Paul Boushelle was appointed to the State Treasurer's Investment Committee (STIC) by Treasurer James Lewis in 2011. Mr. Boushelle's knowledge and expertise in investments and banking were invaluable to the STIC. Not only was he knowledgeable, but he was a kind and considerate person. He was always in a jovial mood when he attended meetings and would get to the meetings early to have his special cup of coffee.**

**Mr. Boushelle was the first of three generations of proud Aggies and often wore his NMSU Aggie lapel pin to the meetings. It appears that Mr. Boushelle wrote his own obituary, which is not surprising. He wanted to let people know how special they were and how much he enjoyed having them be a part of his life. Even when he may not have felt his best he seemed to make others feel good with just his positive attitude.**

*Obituary: BOUSHELLE, PAUL J. J. Paul Boushelle, resident of Albuquerque, died Monday, September 23, 2013. I was blessed to have a long life filled with many good things. Most of the good was because of family, friends and my profession. I was born in Detroit and raised in the small town of Gregory, MI. My parents, who were my best friends, were offered teaching positions at New Mexico State University which brought our family to New Mexico. They were the first of three generations of proud Aggies. I served in the Navy Air Force for four years, three of which were as an instructor in Hawaii, a wonderful place to be stationed. After serving, I returned home to continue my education and went to work part-time for First National Bank in Las Cruces. How lucky I was, because I found the career of banking to be a real love. My career would take me to Santa Fe and eventually to Albuquerque. I was so fortunate to work with so many intelligent, innovative and dedicated people. I admired and loved them. It was a wonderful career. If you are lucky as I was, happiness truly comes from family. Through good and bad they made my life complete. I loved them without reservation. Marcy Papen and I were married many years and we shared many wonderful memories. We had three children, Greg who lives in Denver with his wife, Tania and their daughter, Lola, Chris who lives in Fayetteville, AR with his wife, Mary and their four children, Jay, John, Katherine and Rebecca and Ben who lives in Albuquerque with his wife, Emmy and their two children, Sarah and Ian. I would say that my daughters-in-law were to me, my daughters. The grandchildren were always totally loved. My sons were loved more than they ever knew. To quote Julie Andrews "When the pipes leak, when the bones creak, when the knees go bad I simply remember my favorite things and then I don't feel so bad. When the joints ache, when the hips break, when the eyes grow dim then I remember the great life I had and then I didn't feel so bad."*



## 2. Approval of October 9, 2013 Agenda



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**STATE TREASURER'S INVESTMENT COMMITTEE**  
**Treasurer's Conference Room**  
Wednesday, October 9, 2013, 9:00 a.m.

**MEETING AGENDA (20 Min)**

Roll Call

Introduction of Presenters and Guest

- |  |        |
|--|--------|
| 1. In Memory of friend and colleague – Mr. J. Paul Boushelle |        |
| 2. Approval of October 9, 2013 Agenda                        | Action |
| 3. Reaffirmation of August 7, 2013 Minutes and Adjournment   | Action |
| 4. Approval of September 11, 2013 Agenda                     | Action |
| 5. Approval of September 11, 2013 Minutes                    | Action |

**INVESTMENT REPORTS (30 min)**

**Month Ended**  
**August 30, 2013**

- |   |               |
|---|---------------|
| 6. Executive Summary  | Informational |
| 7. Investment Compliance Report                                   | Informational |
| 8. Investment Accounting Report                                   | Informational |
| 9. Cash Projection  | Informational |
| 10. Portfolio Summary – General Fund Investment Pool              | Informational |
| 11. Portfolio Summary -- Local Government Investment Pool (LGIP)  | Informational |
| 12. Portfolio Summary -- Tax-Exempt Bond Proceeds Investment Pool | Informational |
| 13. Portfolio Summary -- Taxable Bond Proceeds Investment Pool    | Informational |
| 14. Portfolio Summary -- Severance Tax Bonding Fund               | Informational |
| 15. Broker Dealer Activities                                      | Informational |

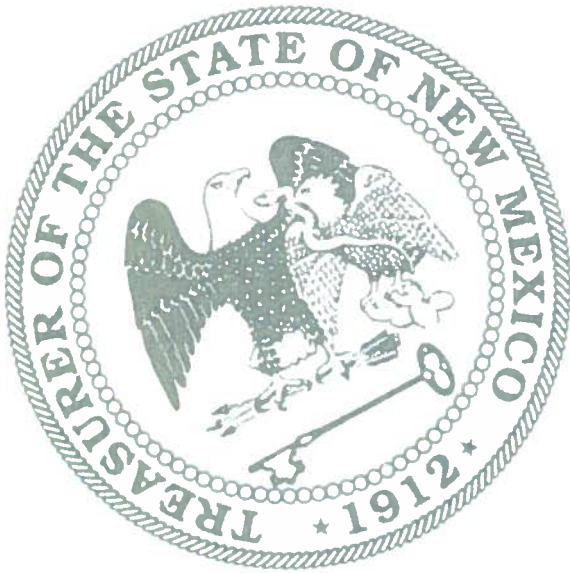
**CASH MANAGEMENT**  
**& COLLATERAL REPORTS (10 Min)**

**Month Ended**  
**August 30, 2013**

- |  |               |
|--|---------------|
| 16. State Agency Deposit Balances              | Informational |
| 17. Collateral Report on Agency Deposits & CDs | Informational |

**COMMITTEE REPORTS (10 min)**

- |   |        |
|---|--------|
| 18. Question Period                                     |        |
| 19. Next Meeting –Wednesday, November 13, 2013, 9:00 am |        |
| 20. Adjournment   | Action |



### 3. Reaffirmation of August 7, 2013 Minutes and Adjournment

**New Mexico State Treasurer's Office  
STIC Committee Meeting  
Meeting Minutes  
Wednesday, August 14, 2013**

**ROLL CALL- QUORUM PRESENT:**

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:10 a.m. in the conference room of The State Treasurer's Office, 2055 South Pacheco Street, Santa Fe, New Mexico 87505.

**Members Present:**

Mr. Sam Collins, Cash Manager, Designee for Honorable James B. Lewis, State Treasurer  
Ms. Linda Roseborough, Chair  
Ms. Stephanie Schardin Clarke, Board of Finance Director  
Mr. Paul Boushelle, Public Member  
Mr. Paul Cassidy, Public Member

**Staff Present:**

Mr. Spencer Wright, Portfolio Manager  
Ms. Vikki Hanges, Portfolio Manager  
Mr. Arsenio Garduño, Collateral Manager  
Ms. Cindy Cordova, General Counsel  
Ms. Kirene Bargas, STIC Secretary  
Mr. Heinrich Edimo, Quality Assurance & Compliance Officer  
Mr. Stephen Vigil, Investment Accounting Bureau Chief

**Guests Present:**

Ms. Deanne Woodring, Davidson Fixed Income Management (via phone)  
Mr. Peter van Moorsel, Legislative Finance Committee

**1. Approval of Agenda:**

Member Clarke moved approval of August 14, 2013 Agenda. Motion was seconded by Mr. Collins and passed unanimously by voice vote.

**2. Approval of Minutes: July 10, 2013**

Member Cassidy moved approval of the July 10, 2013 Minutes with Member Clarke's and Member Cassidy's noted changes. Motion was seconded by Member Boushelle and passed unanimously by voice vote.

**3. Executive Summary, Mr. Wright:**

The STIC Executive Summary report was presented.



#### **4. Investment Policy Compliance Report, Chair Roseborough:**

The Investment Policy Compliance report was presented, with no update to investment policy compliance. (procedures)

- Chair Roseborough stated that the Investment Policy in its current form is in flux right now but the Treasurer's Office is working on a re-write. Until that time there would be no investment policy compliance report.
- Member Clarke clarified that there is a new investment policy in place as approved by the Board of Finance during last month's meeting. Chair Roseborough confirmed that it is correct that there is a policy that has been signed by the Treasurer but she said she doesn't know if it is in place.
- Ms. Cordova replied that the Treasurer wanted to put all discussions regarding the investment policy aside or any discussions regarding a new policy aside until the Treasurer is here. Ms. Cordova stated that she believes discussions regarding the investment policy will be held until next month.
- Member Clarke asked if the investments and activities in the office are in compliance with the policy that has been approved and signed. Chair Roseborough and Ms. Cordova replied that is correct regarding investment transactions.
- Member Cassidy asked what the difference was between the Investment Policy Compliance Review and Investment Policy Compliance with "no report". Chair Roseborough responded that there would not be an update until next month. If there have been violations of the investment policy, comments would be listed there. Chair Roseborough replied that there is no report here as the current policy is under review noting that there are procedures in the policy that were established under prior administrations that are currently under review. A total rewrite of the policy is being completed and is planned for the fall of this year and the Treasurer would like to refrain from discussions pending that rewrite.
- Chair Roseborough stated that as an example, if you are going to take this policy literally; as stated in black and white, the policy states that the STIC shall review the investment policy annually. So the question becomes, has this committee sat down once each year and gone through a detailed analysis of this investment policy? She said she was not sure if that has ever been done. So if someone is going to take this policy and read it literally, then she would have to say that from a literal perspective, there may be things that we are not doing, procedural wise.
- Chair Roseborough continued that, as discussed in the past, the current investment policy includes procedures that probably should not be in there. What one person may interpret as a violation, another may not as noted in the example above.
- Member Clarke stated that it is true that much of the language that is in the investment policy pre-dates Treasurer Lewis' term but noted that Treasurer Lewis' administration has brought the investment policy forward to the Board of Finance for review and approval and STIC committee review and recommendation 5 or 6 times over the 6 years while Treasurer Lewis has been in office. Member Clarke continued, "This idea that it pre-dates the Treasurer's administration and that it is not this administration's policy to

me that is a non-starter. Unless and until the Treasurer's administration requests from the Board of Finance that the policy be changed, this is the policy that I expect the office to live by as a member of the STIC and as a representative here of the Board of Finance. So to get anything but a firm response, yes, we are following the approved policy as in place right now is very perplexing and concerning to me." Member Clarke continued that while she appreciated that the Treasurer directed his staff in this meeting not to discuss the policy until there is a rewrite, that she was not subject to that and would voice her concerns about what appears to be an unprecedented step back from straight up, 100% compliance.

- Ms. Cordova provided clarification that she did not say that Treasurer Lewis said or that she did not mean for it not to come out that Treasurer Lewis did not want any discussion about the policy until the rewrite. Ms. Cordova continued; "you know the Investment Director, Chair Roseborough presented to the Board of Finance the new policy with the changes to the statute. As you know there were some discussions there with the Board of Finance. What the Treasurer wanted to do was to have those discussions from the Board of Finance presented at the next STIC meeting so we could discuss. Treasurer Lewis did not state for us not to comply with the policy in place and I wanted to clarify that we are working under the signed policy and that any discussions regarding a new investment policy would be handled over the next few months."
- Member Clarke said she appreciated Ms. Cordova's comments, yet she stated she was reading between the lines that there may be an answer that isn't so simple and that she is taking different cues from staff in the room that there may not be a clear answer right now whether the policy is being strictly complied with and she does not know why that might be.
- Regarding the example that was provided by Chair Roseborough, Member Clarke stated that she feels that the STIC has literally recommended and reviewed the policy annually, give or take a month or two. Member Clarke continued that the review may not have taken place every November or every August, and has recommended it for Board approval. So Member Clarke said she does not think that this is an example where the policy is not literally being complied with.
- Chair Roseborough noted that as far as the STO portfolios, there are no investment transaction violations. Member Clarke commented that she appreciates that. Chair Roseborough again mentioned that we all know that there are procedures in this investment policy that do not necessarily belong in an investment policy. Chair Roseborough also commented that we understand the history of this office and we understand where we are today. Once we have created an investment policy that Treasurer Lewis is happy with, we will bring it forth to this STIC committee for review.
- Member Boushelle questioned what would happen if this committee cannot come to agreement on a strategy decision, as an example, say Treasurer Lewis decides that he doesn't want to buy any more bonds for two or three months. Has he violated the policy that is approved by the Board of Finance? So what about other changes like changing the maturity of a portfolio or some other radical change? Member Boushelle commented that as he reads the investment policy, it states that these items would have to go to the Board of Finance for approval.

- Member Clarke commented that the investment policy, as she visualizes it, creates an umbrella. Everything that is under that umbrella has consent from the Board of Finance. Stating that if the Treasurer wants to change an investment strategy, he can do so as long as he acts under that umbrella of consented activity. But in terms of what kind of assets to hold, levels of diversification, et cetera, the criteria and parameters are set up in the investment policy, and have the consent of the Board of Finance. Ms. Clarke stated that where the problem can occur is if there is a change of strategy that would lead to result that is not allowed in the investment policy. "There is a lot of leeway to change strategy and to change day-to-day investing decisions without erring outside that umbrella, so I don't know if that answers your question exactly, but; that's the answer."
- Mr. Wright commented that as portfolio managers, as an affirmative statement, we are not violating statute at all. He also commented that "we know that the policy is narrower than the statute but our investment activity has not violated the statutes at all."
- Member Clarke asked Mr. Wright if he includes in his analysis whether statute has been violated, the statutory requirement for advice and consent of the Board of Finance, which is exercised through the investment policy.
- Ms. Cordova responded that the issue of advice and consent is a legal determination and she does not think that it is within the Portfolio Manager's role to interpret what that means. Ms. Cordova also reminded that the other STIC members are not aware of the discussion with the Board of Finance and that is why the Treasurer wanted to be here for this discussion. Ms. Cordova commented for the benefit of all present that the Treasurer has requested a legal opinion from the Attorney General's Office to request a determination as to what is meant by "advice and consent", stating that the advice and consent terminology is usually used when individuals are being considered for high level positions, either federal or state government and advice and consent is granted by the legislature to approve the nomination of a candidate, it has never been used for situations such as this. So again, Ms. Cordova stated that she did not think it is appropriate for the portfolio manager to provide a legal analysis on a matter where the Treasurer is awaiting a response from the Attorney General's Office.
- Member Cassidy commented regarding his observations. I am finding that throughout the state, the county treasurers want more authority and less oversight. Member Cassidy said he thinks that this is a bad trend and would like for everyone here to recognize that there has to be checks and balances that protect the treasurers. Member Cassidy mentioned that there is one treasurer who has 87% of a larger portfolio with maturities longer than 3 years and a significant amount of that in 20 year maturities and is afraid that when interest rates rise they will have a huge mark-to-market loss. This particular treasurer still does not understand that if you have an investment policy that is strong it is going to protect you.
- Member Cassidy said he that he recognizes that the STIC members are advisory, and would advise staff to continue to do as much as can be done to be as transparent as possible and commented that STO has done a great job in the past.

- Member Boushelle commented on the appropriateness of the Board of Finance regarding advice and consent over the STO investment policy indicating that not many Board of Finance members are experts in the investment field and stated that it would be difficult to present an investment policy, discuss briefly during a meeting and then have an approval take place. He questioned who would be responsible if something went wrong. The Board of Finance has to approve numerous things and based on their experience they may not be the right group to approve an investment policy.
- Member Clarke stated that reasonable people could disagree or agree with Mr. Boushelle's statements, if there is unhappiness with the role of the Board, the concerns should be brought to the legislature because that is where lawmaking happens; and until the law changes, the law says that the Treasurer may invest in all these different things with the advice and consent of the Board. If someone does not like that, ask the legislature to change it. But and unless that happens, that is a statutory requirement.
- Member Clarke also stated that the Board of Finance also receives monthly reports, reviews the STIC binder, receives basically all of the same information that the STIC does, and has membership that changes about as often as the STIC committee and probably less often than the turnover of the State Treasurer's staff if you looked at it historically. So no, they're not, with a few exceptions probably through history, they are not investment professionals, she believes that they have as good of a shot as a lot of a lot of other folks that are in the policy making arena to know what is a good idea and what is not.
- Member Cassidy commented to keep up the good work that the staff is doing a good job.
- Chair Roseborough commented that these discussions are healthy and that she thought that the Treasurer would want them. Chair Roseborough noted that all we are asking for is patience and appreciation for having Treasurer Lewis present for this discussion.
- Member Clarke commented that none of this consternation is a reflection on how the office is being managed, particularly with the portfolio managers and you Madame Chair. She stated that about 10 years ago there would have been in the context of real concerns about management, mismanagement, malicious intent, ethical violations; and said she recognized that we are in a very different position now than then and that none of these discussions are reflections of those kinds of concerns. It is more of a simple issue of compliance. She said she thought that everyone at the table is trying to be thoughtful of the right precedent and going forward and how things should work; it is not a reflection of a sense of emergency in day-to-day management of the office.

**5. Davidson's – June 2013 Quarterly Investment Report, Ms. Woodring:**

Highlights of the June 2013 quarterly investment report from Davidson Fixed Income were presented.

- Member Cassidy asked if over time the yield curve is over 200 basis points between the two year and three year, are there sensitivity models that could tell us what the change would be if the yield curve went back to normal shape. Ms. Woodring replied that this is the big story right now to make sure to shock the portfolios to be prepared for rising

rates. The shock analysis that is presented assumes a parallel shift in the curve and assumes that rates will rise the same across the curve. Historically, back to 2008, the difference between cash money and the 2 year note averages about 50 basis points and it is currently at 25 basis points. If you are asking if we could shock the portfolio by applying curve shifts, we can, but I don't think it would give you much more information.

- Discussion was held with the committee and portfolio managers regarding shock analysis testing.

**6. Quarterly/Annual Investment Review, Mr. Wright:**

Highlights of the portfolios and strategy were presented.

- Member Cassidy mentioned that Mr. Wright was concerned about 5 year holdings in the May timeframe. Mr. Wright confirmed it was around the April-May time, noting that in the past quarter, investment staff had moved to shorten the duration of the portfolio by repositioning maturities out of the 4-5 year area and into the 30-4 year area. Mr. Wright noted that the repositioning was done, in large part, before the significant move upward in rates, although losses were booked (against previous gains). Mr. Wright noted that on a 3-month basis, the portfolios had underperformed the benchmark due to the longer duration, but that the carrying yield on the STO portfolios exceeds the benchmark yield and that for the year, the general fund had net gains after accounting for the repositioning losses.
- Chair Roseborough referenced the maturity distribution report created by Mr. Garduño regarding the General Fund Investment Pool.
- Mr. Wright called attention to the fact that that STO has close to \$250 million maturing within the next year. Mr. Wright mentioned that there continues to be a lack of treasury collateral, and that the overnight repurchase market will remain under intense pressure. He commented that the General Fund Investment Pool is two parts, a liquidity portion and a CORE portion. Given the \$250 million of maturing short-term investments in the CORE portfolio, he indicated that significant liquidity exists in the overall GFIP. He proposed that the committee consider the General Fund Investment Pool as a "whole" fund rather than maintaining a rigid division between the liquidity and CORE portfolios.
- Mr. Collins commented that the internal debate is about how to pick up potential interest earnings without causing pressure on the liquidity balances.
- Chair Roseborough asked Mr. Wright what his intentions were for the maturing funds. Mr. Wright replied that he would still continue to look in the 3-4 year area as it currently represented the best value on the curve.
- Chair Roseborough stated that Mr. Collins and team, as well as Mr. Garduño are doing a great job with the cash projections.
- Member Clarke recognized the detail level forecasting that the current STO staff performs; stating that "it has been very helpful and has a real impact on investment earnings".

**7. Portfolio Summary- General Fund and Cash Projection:**

Highlights of the portfolio summary report were presented.

- Member Clarke made the committee aware that at the last Board of Finance meeting the Board tentatively awarded a new fiscal agent agreement to Wells Fargo. Staff has been authorized to renegotiate the contract and bring it back for final award to the Board of Finance at the September meeting.

**8. Portfolio Summary- Local Government Investment Pool (LGIP), Ms. Hanges:**

Highlights of the portfolio summary report were presented.

**9. Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool, Ms. Hanges:**

Highlights of the STIC portfolio summary report were presented.

**10. Portfolio Summary-Taxable Bond Proceeds Investment Pool, Ms. Hanges:**

Highlights of the STIC portfolio summary report were presented.

**11. Portfolio Summary- Severance Tax Bonding Fund, Mr. Wright:**

Highlights of the STIC portfolio summary report were presented.

**12. Broker Dealer Activities: Mr. Wright:**

The STIC broker dealer activities report was presented.

- Ms. Bargas mentioned that she is waiting on 7 broker dealers responses from RLD that are not certified in New Mexico. Chair Roseborough commented that the list would be finalized by next month. Member Clarke wanted to confirm that STO is not conducting trades with those that are not yet certified. Chair Roseborough confirmed.

**13. State Agency Deposit Balances, Mr. Collins:**

Highlights of the STIC state agency deposit balance report were presented.

- Mr. Collins noted that on the bottom of the report, 23 accounts were closed for HSD.

**14. Collateral Report on Agency Deposits & CDs, Mr. Garduño:**

Highlights of the STIC collateral report on agency deposits and CDs were presented.

**15. STO Reconciliation Review, Mr. Stephen Vigil:**

Highlights of the STO Reconciliation processes were presented

- Mr. Vigil noted that the reconciliations for each month of FY2013 have been completed.
- Mr. Vigil also noted that STO has recommended to DFA the required chart of accounts to be added to SHARE so that all of the STO Investment information can be input into SHARE per GAAP Standards on a monthly basis. Also noted that it is not anticipated that DFA will have these accounts established for use in SHARE for another 4-6 months.

**16. Question Period**

No questions were asked.

**17. Next Meeting- Wednesday, September 11, 2013, 9:00 a.m.**

Chair Roseborough noted the date and time of next meeting.

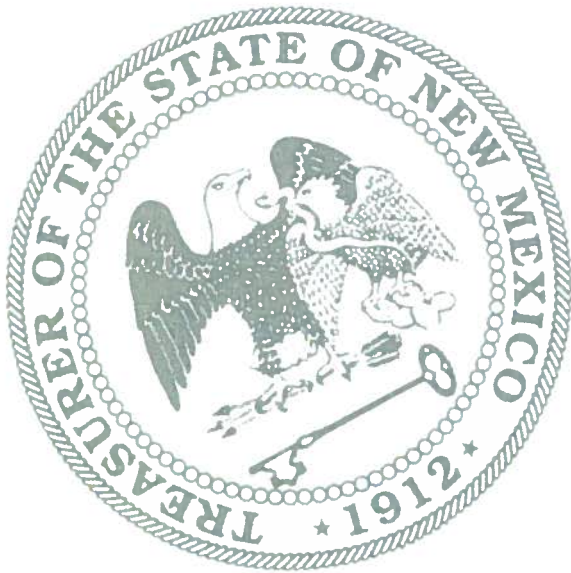
**18. Adjournment**

Chair Roseborough adjourned the meeting at 10:52 a.m.

The adjournment was moved by Member Boushelle. Motion was seconded by Member Cassidy.

Minutes were taken by Ms. Hannah Chavez on August 19, 2013.

Minutes approved by Chair Roseborough on September 6, 2013.



#### 4. Approval of September 11, 2013 Agenda





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**STATE TREASURER'S INVESTMENT COMMITTEE**  
**Treasurer's Conference Room**  
Wednesday, September 11, 2013, 9:00 a.m.

**MEETING AGENDA (20 Min)**

Roll Call

Introduction of Presenters and Guest

1. Approval of September 11, 2013 Agenda
2. Approval of August 14, 2013 Minutes
3. Attorney General's Office Presentation

Action  
Action  
Invited

**INVESTMENT REPORTS (30 min)**

**Month Ended**  
**July 31, 2013**

4. Executive Summary
5. Investment Compliance Report
6. Cash Projection
7. Portfolio Summary -- General Fund Investment Pool
8. Portfolio Summary -- Local Government Investment Pool (LGIP)
9. Portfolio Summary -- Tax-Exempt Bond Proceeds Investment Pool
10. Portfolio Summary -- Taxable Bond Proceeds Investment Pool
11. Portfolio Summary -- Severance Tax Bonding Fund
12. Broker Dealer Activities

Informational  
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**CASH MANAGEMENT**  
**& COLLATERAL REPORTS (10 Min)**

**Month Ended**  
**July 31, 2013**

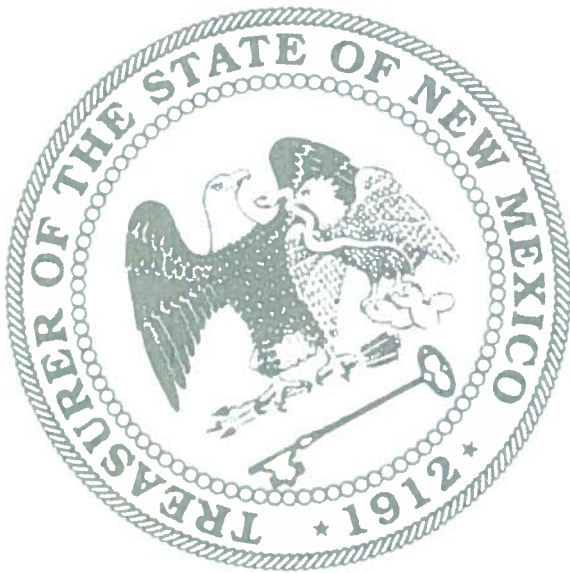
13. State Agency Deposit Balances
14. Collateral Report on Agency Deposits & CDs

Informational  
Informational

**COMMITTEE REPORTS (10 min)**

15. Question Period
16. Next Meeting --Wednesday, October 9, 2013, 9:00 am
17. Adjournment

Action



## 5. Approval of September 11, 2013 Minutes

***New Mexico State Treasurer's Office  
STIC Committee Meeting  
Meeting Minutes  
Wednesday, September 11, 2013***

**ROLL CALL- QUORUM PRESENT:**

A regular meeting of the New Mexico State Treasurer's Investment Committee (STIC) was called to order this date at 9:01 a.m. in the conference room of The State Treasurer's Office, 2055 South Pacheco Street, Santa Fe, New Mexico 87505.

**Members Present:**

Honorable James B. Lewis, State Treasurer  
Ms. Linda Roseborough, Chair  
Ms. Stephanie Schardin Clarke, Board of Finance Director  
Mr. Paul Boushelle, Public Member  
Mr. Paul Cassidy, Public Member

**Staff Present:**

Ms. Marilyn Hill, Deputy Treasurer  
Mr. Spencer Wright, Portfolio Manager  
Ms. Vikki Hanges, Portfolio Manager  
Mr. Sam Collins, Cash Manager  
Ms. Cindy Cordova, General Counsel  
Mr. Arsenio Garduño, Collateral Manager  
Ms. Kirene Bargas, Investment Bureau Chief  
Ms. Hannah Chavez, STIC Secretary  
Mr. Heinrich Edimo, Quality Assurance & Compliance Officer  
Mr. Alfredo Santistevan, Special Assistant

**Guest Present:**

Ms. Deanne Woodring, Davidson Fixed Income Management (via phone)  
Ms. Tania Maestas, Attorney's General Office (arrived 9:35am)  
Mr. Patrick Padilla, Public Guest  
Mr. John Wertheim, Public Guest  
Mr. Tim Eichenberg, Public Guest  
Mr. Bill Tallman, Public Guest  
Ms. Deborah Bransford, Public Guest

Moment of Silence was recognized remembering the events of September 11, 2001, honoring all that lost their lives, all veterans and their families for their service and sacrifice.

The 2014 NM Treasurer candidates present were introduced.

**1. Approval of Agenda:**

Discussion was held regarding Agenda item 3 with committee members agreeing that when Ms. Maestas from the Attorney General's Office arrives, we would allow her the opportunity to give her presentation regarding the Open Meetings Act and then the STIC meeting would resume where left off. The actual approval of the Agenda was overlooked, so the approval of the September 11, 2013 Agenda will be presented during the STIC meeting on October 9, 2013.

**2. Approval of Minutes: June 12, 2013**

Member Clarke moved approval of the August 14, 2013 Minutes. Motion was seconded by Member Boushelle and passed unanimously by voice vote.

**3. Attorney's General Office- Presentation**

Presentation regarding the Open Meetings Act was given by Ms. Tania Maestas.

**4. Executive Summary, Mr. Wright:**

The STIC Executive Summary report was presented.

- Mr. Wright provided an update on the Reserve Primary Fund. Member Cassidy asked if the State of New Mexico entered into the law suit and Mr. Wright replied yes.
- Member Boushelle asked Mr. Wright for an update regarding the Fed's Purchase Program. Mr. Wright mentioned that the Government is not motivated to end the program since they are earning on the securities.
- Member Cassidy asked staff if the portfolios were being stress tested and if yield shifts were being taken into account. Mr. Wright affirmed that stress testing is being performed and noted that the STO portfolios are managed to the approved benchmarks and durations.
- Chair Roseborough mentioned for the benefit of guests attending, that the STO portfolios have 3 primary goals; preserving capital, ensuring liquidity and then return.

**5. Investment Policy Compliance Report, Ms. Bargas:**

Highlights of the STIC investment policy compliance report were presented.

**6. Cash Projections, Mr. Collins and Mr. Garduño**

Cash Projections were presented entirely.

- Treasurer Lewis identified the State's revenue forecasting group to include the agencies; DFA, TRD, LFC, and DOT. Treasurer Lewis pointed out that the State Treasurer's Office has not been requested to be part of the group.

**7. Portfolio Summary- General Fund, Mr. Wright**

Highlights of the portfolio summary general fund report were presented.

**8. Portfolio Summary- Local Government Investment Pool (LGIP), Ms. Hanges:**

Highlights of the portfolio summary local government investment pool report were presented.

**9. Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool, Ms. Hanges:**

Highlights of the portfolio summary tax-exempt bond proceeds investment pool report were presented.

**10. Portfolio Summary-Taxable Bond Proceeds Investment Pool, Ms. Hanges:**

Highlights of the portfolio summary taxable bond proceeds investment pool report were presented.

**11. Portfolio Summary- Severance Tax Bonding Fund, Mr. Wright:**

Highlights of the STIC portfolio summary severance tax bonding fund report were presented.

**12. Broker Dealer Activities: Mr. Wright:**

The broker dealer activities report was presented.

- Ms. Bargas updated the committee with the final broker dealer list and noted that the list will be available on the STO website.
- Treasurer Lewis asked Ms. Bargas to explain the Broker Dealer process on how they get on the approved broker dealer list.

**13. State Agency Deposit Balances, Mr. Collins:**

Highlights of the state agency deposit balance report were presented.

**14. Collateral Report on Agency Deposits & CDs, Mr. Garduño:**

Highlights of the collateral report on agency deposits and CDs were presented.

**15. Question Period**

- Public guest Patrick Padilla asked Mr. Wright if he knew the difference on the mark to market from end of July 31 to August 31. Mr. Wright replied he did not have the numbers readily available and indicated that we would be happy to follow up with him.
- For the benefit of our guests, Treasurer Lewis explained the composition of the STIC Committee.
- Public guest John Wertheim complemented staff regarding the quality of the STIC reporting.

**16. Next Meeting- Wednesday, October 9, 2013, 9:00am**

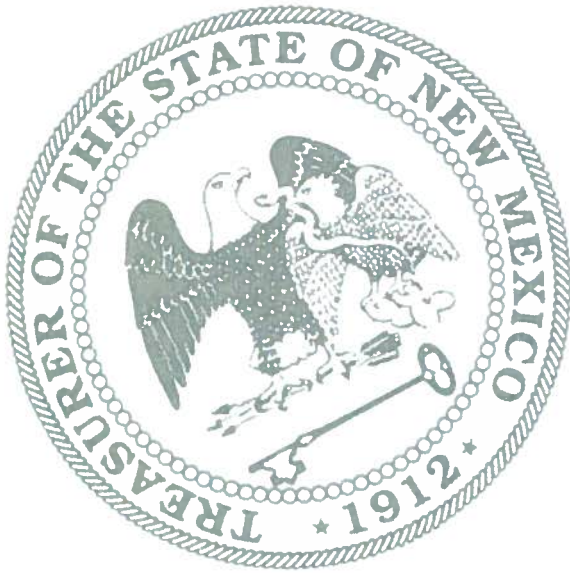
Chair Roseborough noted the date and time of next meeting.

**17. Adjournment**

The adjournment was moved by Member Boushelle. Motion was seconded by Member Cassidy. Chair Roseborough adjourned the meeting at 10:40 a.m.

Minutes were taken by Ms. Hannah Chavez on September 11, 2013.

Minutes approved by Ms. Roseborough on October 4, 2013.



## 6. Executive Summary

## Executive Summary

- At the end of August, the State Treasurer managed \$3.8 billion in assets.
- During the month, the office earned over \$1.3 million on its investment positions.
- Markets remained increasingly volatile in August, weakening dramatically at the end of the month, especially over our maturity area.
- Treasury yields were at two-year highs.
- Market participants remained focused on Fed actions with regard to tapering of asset purchases. The Federal Reserve voted not to taper its' monthly purchases at the September meeting, surprising market participants
- Equity markets moved mostly higher in August, following July's setback.
- Municipal Bonds underperformed as an asset class, with continued focus on net withdrawals by investors.
- Rate weakness continued into September, with some improvement in rates as the month following the Federal Reserve Announcement.
- The US Economy continued to grow on a weak pace.
- Unemployment remains stubbornly high, the housing market reported significant rate-related slowing and inflation remains subdued.
- Potential political actions between the US and Syria concerned the market in August, pushing rates lower.
- Concerns about the federal debt ceiling limits concerned the markets at governmental year end.
- 

Table 1 – Comparative Interest Rates

| <i><u>US Treasury Yields</u></i> |                       |                         |                      |
|----------------------------------|-----------------------|-------------------------|----------------------|
| <i><u>Maturity</u></i>           | <i><u>July 30</u></i> | <i><u>August 31</u></i> | <i><u>Change</u></i> |
| <i>3-Month</i>                   | 0.04%                 | 0.02%                   | (0.01%)              |
| <i>6-Month</i>                   | 0.07%                 | 0.05%                   | (0.02%)              |
| <i>2-Year</i>                    | 0.31%                 | 0.40%                   | 0.09%                |
| <i>5-Year</i>                    | 1.38%                 | 1.64%                   | 0.26%                |
| <i>10-Year</i>                   | 2.58%                 | 2.79%                   | 0.21%                |
| <i>30-Year</i>                   | 3.64%                 | 3.70%                   | 0.06%                |

*Source: Bloomberg LP*

### *Portfolio Mark-to-Market and Monthly Change*

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With the weakening of market yields during August, the STO portfolios<sup>1</sup> had negative results on a mark-to-market basis. Rates in the longer end of our maturity area backed up significantly while short-term rates remained relatively stable.

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<sup>1</sup> This report does not include balances in or earnings on the Reserve Contingency Fund ("RCF"). The RCF was created in 2009 by the State Treasurer's Office as a vehicle to hold Reserve Primary Fund ("Primary Fund") assets of various LGIP participants after the Reserve Primary Fund encountered difficulties in the latter part of 2008 and entered into a process of liquidation.

**Table 2 - Unrealized Gains and Losses**

| <u>Fund</u>                      | <u>Unrealized Gain/Loss<sup>2</sup></u> | <u>Monthly Change in<br/>Unrealized Gain/Loss<sup>3</sup></u> |
|----------------------------------|---|---|
| General Funds                    | (\$1.5 million)                         | Decreased \$3.2 million                                       |
| Bond Proceeds Funds              | Not Material                            | Decreased \$1.9 million                                       |
| Local Government Investment Pool | Not Material                            | Not Material  |
| Severance Tax Bonding Fund       | Not Material                            | Not Material  |

Source: QED

### Portfolio Yields and Duration

As of the end of August, the portfolios had the following weighted average purchase yields and durations:

**Table 3 - Portfolio Yields and Duration**

| <u>Fund</u>                      | <u>Portfolio Yield<sup>5</sup></u> | <u>Duration<sup>4</sup></u> |                  |                   |
|----------------------------------|------------------------------------|-----------------------------|------------------|-------------------|
|                                  |                                    | <u>Portfolio</u>            | <u>Benchmark</u> | <u>Percentage</u> |
| General Fund Liquidity           | 0.10%                              | 22 Days                     |                  |                   |
| General Fund CORE                | 0.67%                              | 2.26 Years                  | 2.23 Years       | 101%              |
| Bond Proceeds - Tax Exempt       | 0.37%                              | 1.19 Years                  | 1.38 Years       | 86%               |
| Bond Proceeds - Taxable          | 0.38%                              | 1.25 Years                  | 1.38 Years       | 91%               |
| Local Government Investment Pool | 0.09%                              | 55 Days                     |                  |                   |
| Severance Tax Bonding Fund       | 0.09%                              | 1 Day                       |                  |                   |

Source: QED, JPMorgan

### Interest Rate Risk Exposure

STO Portfolios are managed to perform relative to benchmark durations. As such, we understand that interest rates will change and the value of the portfolio will change with underlying changes in market rates. Should interest rates increase, generally the market value of the portfolios will decrease. Should rates decline, we would expect that the value of the portfolios will increase.

In addition to the overall level of rates, the shape of the yield curve can change, affecting the value of the STO portfolios. Changes in credit spread will also impact market value. Finally, the composition of each of the STO portfolios includes a variable known as convexity. Convexity essentially predicts the potential change in duration given an assumed shift in rates. For the purposes of this analysis, we have assumed that there are no convexity changes to the portfolios.

Given these caveats, we would expect the following potential market value changes in the portfolio and the benchmark given an instantaneous "shock" of a parallel shift in interest rates for each of the portfolios:

<sup>2</sup> Calculated Unrealized Gains represent the market "value" of the portfolios as compared to their accounting book value. As such, they approximate the values if they were to be liquidated on the day that the calculation was performed. Market conditions change on a daily basis and the resulting calculations will also change with market movements.

<sup>3</sup> Unaudited. Mark-to-market values are calculated using the QED system and weekly securities pricing from IDC. Market values are compared to carrying values which are adjusted for amortization/accretion of premium/discount. Securities, such as Certificates of Deposits, for which there is no quoted market price, are carried at cost basis (amortized through the holding date).

<sup>4</sup> Portfolio durations are calculated as of moment in time, specifically at month end.

<sup>5</sup> Portfolio yields are calculated at a moment in time, specifically at month end. Each of these funds has considerable inflows and outflows during the month. As such, purchase yields during the month will vary with money flows and short-term investment rates. Monthly earnings as included in this report take these fund flows into consideration.



**Table 4 – Interest Rate Exposure**

| Detail       |             |         |             |         |             |         |               |             |         |             |         |             |         |
|--------------|-------------|---------|-------------|---------|-------------|---------|---------------|-------------|---------|-------------|---------|-------------|---------|
|              | P&L (-75bp) | -75bp % | P&L (-50bp) | -50bp % | P&L (-25bp) | -25bp % | Mkt Val       | P&L (+25bp) | +25bp % | P&L (+50bp) | +50bp % | P&L (+75bp) | +75bp % |
| GVQA         | 97,411,640  | 1.67    | 64,654,588  | 1.11    | 32,184,046  | 0.55    | 5,845,288,626 | -31,897,556 | -0.55   | -63,508,616 | -1.09   | -94,833,168 | -1.62   |
| GF CORE      | 22,050,412  | 1.67    | 14,695,316  | 1.11    | 7,345,178   | 0.56    | 1,321,188,217 | -7,340,217  | -0.56   | -14,675,475 | -1.11   | -22,005,770 | -1.67   |
| G1QA         | 40,961,336  | 1.06    | 27,226,246  | 0.70    | 13,572,468  | 0.35    | 3,874,548,949 | -13,491,156 | -0.35   | -26,901,004 | -0.69   | -40,229,536 | -1.04   |
| BPIP - TE    | 3,389,527   | 0.70    | 2,406,279   | 0.49    | 1,276,437   | 0.26    | 487,646,478   | -1,423,032  | -0.29   | -2,992,658  | -0.61   | -4,708,879  | -0.97   |
| BPIP TAXABLE | 5,625,374   | 0.81    | 3,878,059   | 0.56    | 2,002,934   | 0.29    | 696,584,580   | -2,130,744  | -0.31   | -4,389,297  | -0.63   | -6,775,661  | -0.97   |

**Benchmark Performance Comparisons**

As of the end of August, the STO portfolios had the following performance numbers relative to their respective benchmarks:

**Table 5 - Relative Performance of STO Funds**

| <i><u>Fund</u></i>                           | <i>Performance<sup>6</sup></i> |                        |                         |
|--|--------------------------------|------------------------|-------------------------|
|  | <i><u>1 Month</u></i>          | <i><u>3 Months</u></i> | <i><u>12 Months</u></i> |
| <i>General Fund Liquidity</i>                | 0.01%                          | 0.03%                  | 0.19%                   |
| <i>S&amp;P Government Bond Index (Gross)</i> | <u>0.01%</u>                   | <u>0.03%</u>           | <u>0.15%</u>            |
| <i>Relative Performance (BPs)</i>            | 0.00%                          | 0.00%                  | 0.04%                   |
| <i>Relative Performance (%)</i>              | 100%                           | 100%                   | 126%                    |
| <i>General Fund CORE</i>                     | (0.18%)                        | (0.31%)                | (0.21%)                 |
| <i>BAML 0-5 US Treasury</i>                  | <u>(0.22%)</u>                 | <u>(0.35%)</u>         | <u>(0.38%)</u>          |
| <i>Relative Performance (BPs)</i>            | 0.04%                          | 0.04%                  | 0.17%                   |
| <i>Relative Performance (%)</i>              | 118%                           | 111%                   | 145%                    |
| <i>Bond Proceeds - Tax Exempt</i>            | (0.04%)                        | (0.02%)                | 0.12%                   |
| <i>BAML 0-3 US Treasury</i>                  | <u>(0.06%)</u>                 | <u>0.01%</u>           | <u>0.17%</u>            |
| <i>Relative Performance (BPs)</i>            | 0.02%                          | (0.03%)                | (0.05%)                 |
| <i>Relative Performance (%)</i>              | 133%                           | (300%)                 | 70%                     |
| <i>Bond Proceeds – Taxable</i>               | (0.05%)                        | (0.06%)                | 0.12%                   |
| <i>BAML 0-3 US Treasury</i>                  | <u>(0.06%)</u>                 | <u>0.01%</u>           | <u>0.17%</u>            |
| <i>Relative Performance (BPs)</i>            | 0.01%                          | (0.07%)                | (0.05%)                 |
| <i>Relative Performance (%)</i>              | 116%                           | (700%)                 | 70%                     |
| <i>Local Government Investment Pool</i>      | 0.01%                          | 0.04%                  | 0.19%                   |
| <i>S&amp;P Government Bond Index (Gross)</i> | <u>0.01%</u>                   | <u>0.03%</u>           | <u>0.15%</u>            |
| <i>Relative Performance (BPs)</i>            | 0.00%                          | 0.01%                  | 0.03%                   |
| <i>Relative Performance (%)</i>              | 100%                           | 133%                   | 126%                    |

Source: JPMorgan, STO Calculations

<sup>6</sup> Relative performance is periodic total return compared to the return of the portfolio benchmarks. The Severance Tax Bonding Fund is not separately tracked at this time.

## Investment Earnings

Investment earnings for August are summarized in the table below.

Table 6 - Investment Earnings

| <u>Fund</u>                                   | <u>Investment Earnings<sup>7</sup></u> |             |
|---|--|-------------|
|   | <u>MTD</u>                             | <u>YTD</u>  |
| General Funds                                 | \$847,679                              | \$1,712,995 |
| Bond Proceeds Funds                           | \$467,186                              | \$938,269   |
| Local Government Investment Pool <sup>8</sup> | \$73,718                               | \$145,386   |
| Severance Tax Bonding Fund                    | \$3,679                                | \$5,064     |

Source: QED

## Projected Investment Income

In August, the Legislative Finance Committee released its most recent Consensus Revenue Estimate, projecting earnings on the General Fund Investment Pool of approximately \$16 million. Extrapolating from the YTD results, we project that the General Fund Investment Pool will earn approximately \$10.2 Million.

Table 7 - Projected Investment Income

| <u>Fund</u>                               | <u>Actual YTD</u> | <u>Projected FY</u> |
|---|-------------------|---------------------|
| General Fund Investment Pool <sup>9</sup> | \$1.7MM           | \$10.2MM            |
| LFC Revenue Projection (Aug 2013)         |                   | \$16.0MM            |
| % of LFC Revenue Projection               |                   | 64%                 |

Source: QED, LFC, STO Calculation

Many variables effect projected interest income for the General Fund Investment Pool, including performance and tax collections by the State and timing of collections and expenditures of the state budget. STO does not participate in the development of the Consensus Revenue Estimate and cannot comment on the various factors included in the estimate of revenue compiled by the LFC.

## Compensating Balances at Fiscal Agent Bank

During August, STO maintained Average Daily Collected Balances at the Fiscal Agent Bank of approximately \$136 million. This balance earned a credit against processing fees assessed by the bank.

Table 8 - Compensating Balances at Fiscal Agent Bank

|                               |               |
|-------------------------------|---------------|
| Average Collected Balance     | \$136,017,663 |
| Earnings Credit Rate          | 0.50%         |
| Estimated Monthly Earnings    | \$56,674      |
| Estimated Fiscal YTD Earnings | \$111,669     |

Source: Wells, Fargo & Co.

<sup>7</sup> Each fund is managed using different objectives, as more fully detailed in this report. As such, returns and earnings on the funds will vary on a month to month basis.

<sup>8</sup> Gross Earnings, Participant Earnings reflect 0.05% reduction for management fees.

<sup>9</sup> Does not include Fiscal Agent Bank balances which earn credits against bank fees levied by the Fiscal Agent Bank.

### *Reserve Primary Fund Update*

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There was a flurry of activity on the Reserve Primary Fund matter during August and September. Unfortunately, we are no closer to a resolution on the outstanding issues.

In early September, it was announced that several of the parties had negotiated a settlement and that all which was required was for the agreement and the dissolution of the remaining funds to be approved by the SEC as well as the federal judge in the case.

Approximately a week later, a letter from the SEC was filed with the court indicating that a settlement was never presented to the Commission board. It also urged the court to move on several outstanding legal questions and bring all parties together to resolve the situation.

At issue is approximately \$50MM of assets which the Reserve is arguing should be paid for legal fees and other fees to be paid as part of a settlement. Included in the prematurely announced deal was approximately \$10MM to be distributed to remaining shareholders.

LGIP shareholders of record in 2008 when the Reserve Primary Fund was frozen are participants in a fund managed by the STO called the Reserve Contingency Fund.

### *Monthly Investment Outlook*

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August and September continued to be difficult months for the bond markets as rate volatility was markedly increased. For the STO Portfolios, August was a difficult month, in addition, rates continued to increase in September. The key catalyst for the backup was the active discussion by the Federal Reserve (and the hyper-focus of the capital markets) that the Fed would, if economic conditions warrant, begin scaling back its aggressive monthly purchases of Treasury and Mortgage securities.

In September, the Fed voted not to begin tapering its monthly purchases of securities, surprising market participants and eliciting concerns about the overall state of the economy.

### *Implications for the Foreseeable Future*

We continue to believe that the period of relatively low level of interest rates will come to an end during the middle of 2014. We also believe that the risk of higher rates in the near future has increased.

We continue to try and add value where/when it becomes available, through selective credit additions as well as active duration management.

*Spencer Wright, Portfolio Manager –  
General Funds and STBF*

**New Mexico State Treasurer**  
**Monthly Fund Summary Report**  
**(Unaudited)**

As of August 31, 2013

| <b>General Fund</b> |                   |                     |                   | <b>Performance</b>  |                  |               |                    | <b>Earnings</b> |                     |
|---------------------|-------------------|---------------------|-------------------|---------------------|------------------|---------------|--------------------|-----------------|---------------------|
| <i>Account</i>      | <i>Holdings</i>   |                     | <i>Unrealized</i> | <i>12-Month</i>     | <i>Benchmark</i> | <i>Index</i>  | <i>Relative</i>    | <i>Monthly</i>  |                     |
|                     | <i>Cost Basis</i> | <i>Market Value</i> | <i>Gain/Loss</i>  | <i>Total Return</i> |                  | <i>Return</i> | <i>Performance</i> | <i>Earnings</i> | <i>YTD Earnings</i> |
| Cash Balances       | \$ 126,682,086    | \$ 126,682,086      | \$ -              |                     |                  |               |                    |                 |                     |
| Liquidity           | 601,064,361       | 601,068,213         | 3,852             | 0.19%               | S&P LGIP Gross   | 0.15%         | 0.04%              | \$ 28,875       | \$ 69,035           |
| CORE                | 1,318,760,224     | 1,317,013,014       | (1,747,210)       | -0.21%              | ML Treasury 0-5  | -0.38%        | 0.17%              | 818,804         | 1,643,960           |
| TRAN                | -                 | -                   | -                 | 0.00%               | All-In Tran TIC  | 0.00%         | 0.00%              | -               | -                   |
| Totals              | \$ 2,046,506,671  | \$ 2,044,763,313    | \$ (1,743,358)    | -0.08%              | Blended          | -0.24%        | 0.17%              | \$ 847,679      | \$ 1,712,995        |

| <b>Bond Proceeds Investment Pool (BPIP)</b> |                   |                     |                             | <i>12-Month Total</i> | <i>Benchmark</i> | <i>Index</i>  | <i>Relative</i>    | <i>Monthly</i>  |                     |
|---|-------------------|---------------------|-----------------------------|-----------------------|------------------|---------------|--------------------|-----------------|---------------------|
| <i>Account</i>                              | <i>Cost Basis</i> | <i>Market Value</i> | <i>Unrealized Gain/Loss</i> | <i>Return</i>         |                  | <i>Return</i> | <i>Performance</i> | <i>Earnings</i> | <i>YTD Earnings</i> |
| Tax-Exempt                                  | \$ 490,365,236    | \$ 490,068,052      | \$ (297,184)                | 0.12%                 | ML Treasury 0-3  | 0.17%         | -0.05%             | \$ 145,895      | \$ 285,465          |
| Taxable                                     | 698,446,311       | 698,803,406         | 357,095                     | 0.12%                 | ML Treasury 0-3  | 0.17%         | -0.05%             | 321,291         | 652,804             |
| Totals                                      | \$ 1,188,811,547  | \$ 1,188,871,458    | \$ 59,911                   | 0.12%                 | Blended          | 0.17%         | -0.05%             | \$ 467,186      | \$ 938,269          |

| <b>Local Government Investment Pool (New MexiGrow LGIP)</b> |                   |                     |                             | <i>12-Month Total</i> | <i>Benchmark</i> | <i>Index</i>  | <i>Relative</i>    | <i>Monthly</i>  |                     |
|---|-------------------|---------------------|-----------------------------|-----------------------|------------------|---------------|--------------------|-----------------|---------------------|
|   | <i>Cost Basis</i> | <i>Market Value</i> | <i>Unrealized Gain/Loss</i> | <i>Return</i>         |                  | <i>Return</i> | <i>Performance</i> | <i>Earnings</i> | <i>YTD Earnings</i> |
| LGIP  | \$ 545,194,494    | \$ 545,233,571      | \$ 39,077                   | 0.19%                 | S&P LGIP Gross   | 0.15%         | 0.04%              | \$ 73,718       | \$ 145,386          |

| <b>Severance Tax Bonding Fund</b> |                   |                     |                             | <i>12-Month Total</i> | <i>Benchmark</i> | <i>Index</i>  | <i>Relative</i>    | <i>Monthly</i>  |                     |
|-----------------------------------|-------------------|---------------------|-----------------------------|-----------------------|------------------|---------------|--------------------|-----------------|---------------------|
|                                   | <i>Cost Basis</i> | <i>Market Value</i> | <i>Unrealized Gain/Loss</i> | <i>Return</i>         |                  | <i>Return</i> | <i>Performance</i> | <i>Earnings</i> | <i>YTD Earnings</i> |
| STBF                              | \$ 95,547,432     | \$ 95,547,432       | \$ -                        | 0.19%                 | S&P LGIP Gross   | 0.15%         | 0.04%              | \$ 3,679        | \$ 5,064            |

**Notes:**

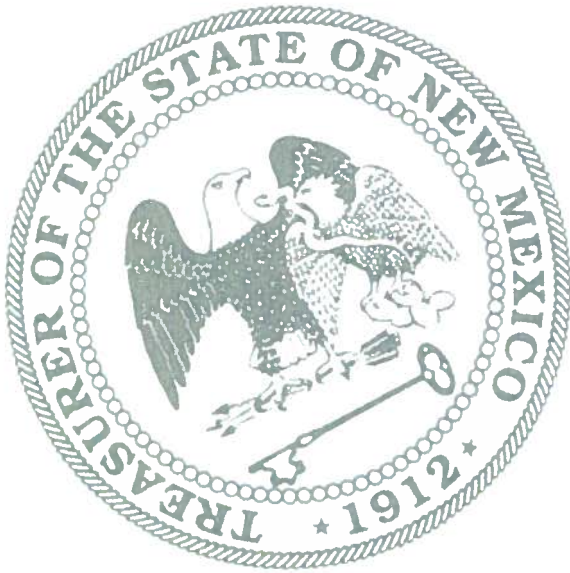
- (1) These figures are generated using a combination of accrued earnings and unrealized gains. They are unaudited and may be subject to revision.
- (2) Account balances fluctuate during the month, holdings are calculated as of month-end. Performance includes adjustments for fund flows during the month
- (3) Holdings are reported on a "Trade Basis"
- (4) Source: STO Records, QED Financial Systems, JPMorgan Custody Reporting

## New Mexico State Treasurers Office

Performance  
As of August 2013

| Account ID      | Portfolio Name                     | Market Value         | Month         | Trailing 3M   | Fiscal YTD  | YTD           | 1 YR          | Since Inception | Inception Date     |
|-----------------|------------------------------------|----------------------|---------------|---------------|-------------|---------------|---------------|-----------------|--------------------|
| 10933300        | Local Government Investment Pool   | 545,936,318          | 0.01          | 0.04          | 0.03        | 0.12          | 0.19          | 1.08            | 01-Jul-2007        |
| 10933400        | Overnight Repo Pool                | 264,892,314          | 0.01          | 0.02          | 0.01        | 0.09          | 0.19          | 0.86            | 01-Jul-2007        |
| 10933500        | Tax Exempt Bond Proceeds           | 491,362,682          | (0.04)        | (0.02)        | 0.09        | (0.02)        | 0.12          | 2.14            | 01-Jul-2007        |
| 10933900        | Taxable Bond Proceeds              | 701,139,960          | (0.05)        | (0.06)        | 0.08        | 0.02          | 0.12          | 2.26            | 01-Jul-2007        |
| <b>00667701</b> | <b>General Fund</b>                | <b>1,815,933,021</b> | <b>(0.14)</b> | <b>(0.23)</b> | <b>0.03</b> | <b>(0.25)</b> | <b>(0.08)</b> | <b>2.17</b>     | <b>01-Jul-2007</b> |
| 10933700        | General Fund Core                  | 1,322,395,784        | (0.18)        | (0.31)        | 0.05        | (0.39)        | (0.21)        | 2.78            | 01-Jul-2007        |
| 10933600        | General Fund Liquidity             | 493,537,237          | 0.01          | 0.03          | 0.02        | 0.10          | 0.19          | 0.83            | 01-Jul-2007        |
| 06677-BEN-0006  | S&P Govt Pools Net yield           |                      | 0.00          | 0.01          | 0.01        | 0.03          | 0.05          | 0.89            | 01-Jul-2007        |
| 06677-BEN-0012  | BPIP Index ML 0-3 Treasury         |                      | (0.06)        | 0.01          | 0.06        | 0.09          | 0.17          | 2.18            | 01-Jul-2007        |
| 06677-BEN-0013  | General Core Index ML 0-5 Treasury |                      | (0.22)        | (0.35)        | (0.03)      | (0.44)        | (0.38)        | 3.01            | 01-Jul-2007        |
| 06677-BEN-0016  | S&P LGIP Gross yield               |                      | 0.01          | 0.03          | 0.02        | 0.09          | 0.15          | 0.15            | 01-Jun-2012        |
| 06677-BEN-0017  | General Fund Total                 |                      | (0.13)        | (0.21)        | (0.02)      | (0.25)        | (0.21)        | (0.02)          | 30-Jun-2012        |

Performance shown is gross of manager fees



## 7. Investment Compliance Report

## Investment Policy Compliance Review

### ***Primary and Secondary Bond Purchases/ Sales***

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During the month of August, the following were the ratio of primary and secondary bond transactions in the portfolios:

Table 9 - Primary/Secondary Market Volume

|                       |                   |            |
|-----------------------|-------------------|------------|
| Primary Bond Volume   | \$136,252,000     | 77%        |
| Secondary Bond Volume | <u>40,000,000</u> | <u>23%</u> |
| Total                 | \$176,252,000     | 100%       |

The totals above exclude overnight repurchase agreement volume which is approximately \$500MM/day.

### ***Commissions Paid***

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As counterparty, the state transacts in purchase or sale sizes sufficient to achieve competitive results in the bidding or offering process. Implied in the market-clearing prices that we are offered is some form of dealer markup.

With regard to specific transactions, we process the bulk of our trades using an electronic trading platform. As such, we understand, and document, the market at the time of transaction. These trade terms are held as a part of our trade documentation as approved by STIC.

### ***Variable Rate and Structured Note Holdings***

---

At the end of August, total holdings of Variable Rate Notes were \$130,654,000.

Table 10 - Variable Rate Note Holdings

|                        |                   |
|------------------------|-------------------|
| General Fund Liquidity | \$ 20,000,000     |
| Taxable BPIP           | 7,000,000         |
| Tax Exempt BPIP        | 7,934,000         |
| LGIP                   | <u>95,720,000</u> |
| Total Holdings         | \$130,654,000     |

The Variable Rate positions are primarily in US Government Agency securities.

We did not hold any structured notes during the month of August.

### ***Transaction Variances and Inter-Portfolio Transactions***

---

During August, there were no transaction variances which posed compliance issues. All trade information was entered correctly in our internal systems and in the systems used by our custody bank. All transactions for the month settled successfully. There were no price discrepancies.

There were no inter-portfolio trades during the month.

There were several instances of inter-fund borrowing of cash balances between portfolios. STO personnel are continuing to develop transaction procedures regarding inter-fund borrowing and ensure that such borrowing between accounts is minimized and well documented.

### ***Market Value Gains and Losses***

---

The current version of the STO Investment Policy requires separate reporting of all investment mark to market gains and losses calculated versus book values during the period. The policy requires reporting

on a securities holding basis. The Executive Summary of this report includes a tabular reference to the aggregate mark-to-market per portfolio.

In the section detailing each specific portfolio, a further summary of mark to market calculations are included. In the attached listing of the specific portfolio holdings, a position level mark-to market calculation is included as required by the Investment Policy.

---

### ***Realized Gains and Losses***

The current version of the STO Investment Policy requires separate reporting of all investment gains and losses realized during the period. The following positions generated gains or losses as compared to book value at the time of sale:

Table 11 - Realized Gains and Losses

| <u>Trade Date</u> | <u>Account</u>    | <u>Par Amount</u> | <u>Security</u>     | <u>Realized<br/>Gain/Loss</u> |
|-------------------|-------------------|-------------------|---------------------|-------------------------------|
| 8/15/13           | General Fund CORE | \$20MM            | FHLB 0.375% 1/29/14 | <u>\$19,257.85</u>            |
| Total             |                   |                   |                     | \$19,257.85                   |

---

### ***Investment Statute Compliance***

There are no investment statute compliance issues to report.

---

### ***Investment Statute Compliance***

There are no investment statute compliance issues to report.

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### ***Investment Policy Update***

The Treasurer's current Investment Policy is under review and rewrite. The office staff continues to evaluate the current Investment Policy to identify risks and to enhance procedures.

---

### ***Trade Documentation Compliance***

#### **Purchase/Sales**

There were a total of 23 security trades that consist of 1 sale and 22 purchases.

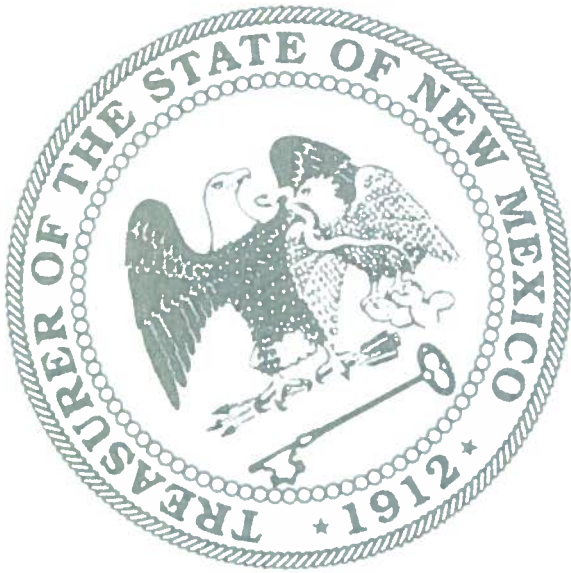
**Sale:** The 1 sale was made within the NMSTO Core portfolio at a total Par value of \$20mm. The security sold is identified as an FHLB security with an initial result of the sale reflecting a gain of \$19,257.85.

**Purchase:** The concluding action resulted from the sale trade was the purchase of 2 Agency notes purchased at a .875 rate with a maturity date of 10/14/2016. Each agency note was purchased with a par amount of \$10mm at a cost of \$9,998,500 each.

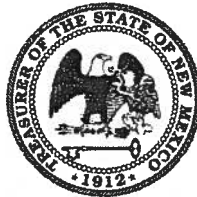
The justification for the sale trade is documented as an increase to portfolio duration; secondary market sale; and increase return for investment balances with an effect of a slight increase in portfolio duration.

**Trade documentation:** All trades have been accounted for and written documentation has been audited for compliance. There are no pending questions or issues on trade documentation





## 8. Investment Accounting Report



**James B. Lewis**  
State Treasurer

STATE OF NEW MEXICO  
OFFICE OF THE TREASURER  
2055 South Pacheco Street, (Suite 100 & 200)  
P.O. Box 5135  
Santa Fe, New Mexico 87505

**Marilyn L. Hill**  
Deputy State  
Treasurer

Phone: (505) 955-1120  
FAX (505) 955-1195

**MEMORANDUM**

DATE: September 17, 2013  
TO: Linda Roseborough, Chief Investment Officer & Investments Division Director  
FROM: Steve Vigil, Investment Accounting Bureau Chief *SV*  
CC: STO Investments Division  
SUBJECT: Weekly S&P Reconciliation and August 2013 Investments Reconciliation

**Weekly S&P Reconciliation**

All weekly S&P reconciliations were completed timely for August 2013. The reconciliations and accompanying data were submitted to S&P timely in order for the Office of the State Treasurer (STO) to maintain its rating affirmation.

**August 2013 Investments Reconciliation**

I completed the August 2013 investments reconciliation that included the following:

1. Asset and liabilities proofs to verify accuracy of the net asset value for all investment accounts.
2. Trial balance proofs to validate the change in transaction activity between July 31<sup>st</sup> and August 31<sup>st</sup>.
3. Cash proofs to verify cash transaction activity.
4. Earned income proof to validate the income earned for August 2013.
5. Proof of change in cost to corroborate that the historical cost of investments rolled forward correctly.
6. Verification that multiple cash transactions of the same investment holding have not been duplicated in error.
7. JP Morgan to QED inventory reconciliation.
8. JP Morgan to QED income reconciliation.

The investment reconciliation is conducted to ensure compliance with Generally Accepted Accounting Principles. On June 3, 2013, STO received a favorable opinion of the investment reconciliation process from its external auditor.

The results of the August 2013 investment reconciliation reveal that investment transaction activity can be recorded in SHARE once the Department of Finance and Administration has set up the proposed general ledger accounts. All reconciling items have been resolved.

## JP Morgan to QED Inventory Reconciliations

W/P Ref

Aug-13

503

## Market Value Reconciliation

| JPM          | QED                     |           |              |                         |                 |                        |
|--------------|-------------------------|-----------|--------------|-------------------------|-----------------|------------------------|
| Account      | Market Value            | Fund #    | Name         | Market Value            | Difference      | BPS Dollar Threshold * |
| P 09336      | 493,530,903.13          | 1000      | GF Liquidity | 493,533,073.00          | (2,169.87)      | 246,765.45             |
| P 09337      | 1,320,764,161.83        | 1001      | GF Core      | 1,320,765,055.83        | (894.00)        | 660,382.08             |
| P 09334      | 264,891,136.68          | 1101/4001 | ONREPO       | 264,894,057.56          | (2,920.88)      | 132,445.57             |
| P 09335      | 490,061,962.39          | 4000      | BPIP#1       | 490,068,050.86          | (6,088.47)      | 245,030.98             |
| P 09339      | 698,798,017.08          | 4002      | BPIP#2       | 698,803,403.97          | (5,386.89)      | 349,399.01             |
| P 09333      | 545,282,281.62          | 4101      | LGIP         | 545,260,819.27          | 21,462.35       | 272,641.14             |
| <b>Total</b> | <b>3,813,328,462.73</b> |           |              | <b>3,813,324,460.49</b> | <b>4,002.24</b> | <b>1,906,664.23</b>    |

## Cost Reconciliation

| JPM          | QED                     |           |              |                         |                   |                        |
|--------------|-------------------------|-----------|--------------|-------------------------|-------------------|------------------------|
| Account      | Cost                    | Fund #    | Name         | Cost                    | Difference        | BPS Dollar Threshold * |
| P 09336      | 493,524,733.13          | 1000      | GF Liquidity | 493,526,903.00          | (2,169.87)        | 246,762.37             |
| P 09337      | 1,337,198,182.32        | 1001      | GF Core      | 1,337,085,942.76        | 112,239.56        | 668,599.09             |
| P 09334      | 264,891,136.68          | 1101/4001 | ONREPO       | 264,894,057.56          | (2,920.88)        | 132,445.57             |
| P 09335      | 492,592,807.15          | 4000      | BPIP#1       | 492,592,807.16          | (0.01)            | 246,296.40             |
| P 09339      | 704,085,742.22          | 4002      | BPIP#2       | 704,085,742.21          | 0.01              | 352,042.87             |
| P 09333      | 545,593,664.87          | 4101      | LGIP         | 545,566,740.24          | 26,924.63         | 272,796.83             |
| <b>Total</b> | <b>3,837,886,266.37</b> |           |              | <b>3,837,752,192.93</b> | <b>134,073.44</b> | <b>1,918,943.13</b>    |

## Position Reconciliation

| JPM          | QED                     |           |              |                         |                  |                        |
|--------------|-------------------------|-----------|--------------|-------------------------|------------------|------------------------|
| Account      | Position Size           | Fund #    | Name         | Position Size           | Difference       | BPS Dollar Threshold * |
| P 09336      | 493,521,265.13          | 1000      | GF Liquidity | 493,523,435.00          | (2,169.87)       | 246,760.63             |
| P 09337      | 1,295,551,271.28        | 1001      | GF Core      | 1,295,551,271.28        | -                | 647,775.64             |
| P 09334      | 264,891,136.68          | 1101/4001 | ONREPO       | 264,894,057.56          | (2,920.88)       | 132,445.57             |
| P 09335      | 485,960,054.72          | 4000      | BPIP#1       | 485,960,054.72          | -                | 242,980.03             |
| P 09339      | 690,909,940.87          | 4002      | BPIP#2       | 690,909,940.87          | -                | 345,454.97             |
| P 09333      | 545,059,942.92          | 4101      | LGIP         | 545,033,018.29          | 26,924.63        | 272,529.97             |
| <b>Total</b> | <b>3,775,893,611.60</b> |           |              | <b>3,775,871,777.72</b> | <b>21,833.88</b> | <b>1,887,946.81</b>    |

BPS Dollar Threshold \*

JPM Market Value x 5 Basis Points (BPS)

JPM Cost x 5 Basis Points (BPS)

JPM Position Size x 5 Basis Points

0.0005

**JP Morgan to QED Income Reconciliation**

**Aug-13**

**W/P Ref**

**504**

| <b>JPM</b>     | <b>QED</b>             |               |              |                        |                   |                               |
|----------------|------------------------|---------------|--------------|------------------------|-------------------|-------------------------------|
| <b>Account</b> | <b>Earned Interest</b> | <b>Fund #</b> | <b>Name</b>  | <b>Earned Interest</b> | <b>Difference</b> | <b>BPS Dollar Threshold *</b> |
| P 09336        | 26,516.32              | 1000          | GF Liquidity | 27,672.64              | (1,156.32)        | 24,676.55                     |
| P 09337        | 1,820,396.97           | 1001          | GF Core      | 1,821,038.37           | (641.40)          | 66,038.21                     |
| P 09334        | 7,492.18               | 1101/4001     | ONREPO       | 7,492.18               | -                 | 13,244.56                     |
| P 09335        | 460,801.68             | 4000          | BPIP#1       | 459,074.47             | 1,727.21          | 24,503.10                     |
| P 09339        | 828,015.16             | 4002          | BPIP#2       | 830,897.73             | (2,882.57)        | 34,939.90                     |
| P 09333        | 187,821.48             | 4101          | LGIP         | 186,025.09             | 1,796.39          | 27,264.11                     |
| <b>Total</b>   | <b>3,331,043.79</b>    |               |              | <b>3,332,200.48</b>    | <b>(1,156.69)</b> | <b>190,666.42</b>             |

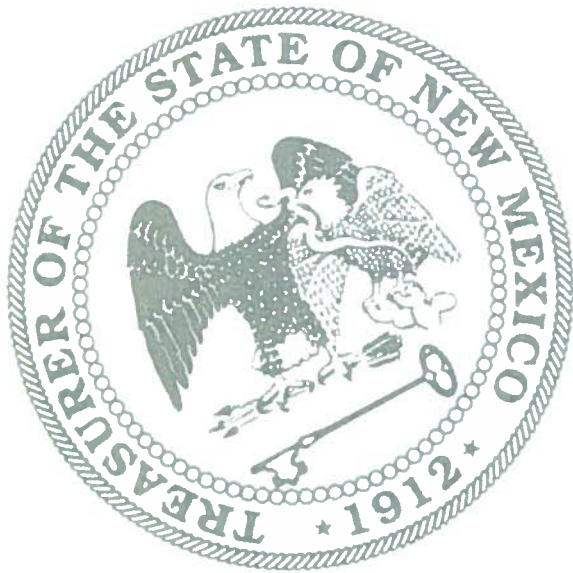
**JP Morgan to QED Amortization/Accretion Reconciliation**

| <b>JPM</b>     | <b>QED</b>                    |               |              |                               |                   |
|----------------|-------------------------------|---------------|--------------|-------------------------------|-------------------|
| <b>Account</b> | <b>Amortization/Accretion</b> | <b>Fund #</b> | <b>Name</b>  | <b>Amortization/Accretion</b> | <b>Difference</b> |
| P 09336        | (449.50)                      | 1000          | GF Liquidity | (436.69)                      | (12.81)           |
| P 09337        | (971,060.26)                  | 1001          | GF Core      | (957,494.29)                  | (13,565.97)       |
| P 09334        | -                             | 1101/4001     | ONREPO       | -                             | -                 |
| P 09335        | (305,123.88)                  | 4000          | BPIP#1       | (316,275.40)                  | 11,151.52         |
| P 09339        | (520,179.32)                  | 4002          | BPIP#2       | (518,038.40)                  | (2,140.92)        |
| P 09333        | (113,747.26)                  | 4101          | LGIP         | (114,398.20)                  | 650.94            |
| <b>Total</b>   | <b>(1,910,560.22)</b>         |               |              | <b>(1,906,642.98)</b>         | <b>(3,917.24)</b> |

BPS Dollar Threshold \*

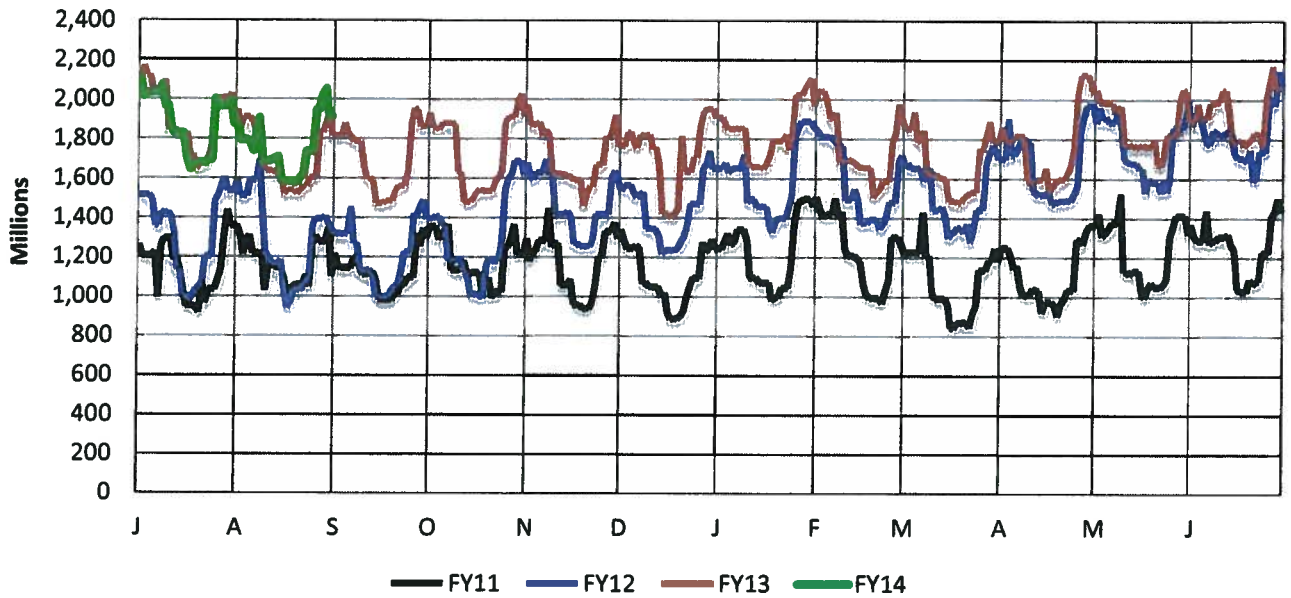
JPM Market Value x .5 Basis Points (BPS)

0.00005

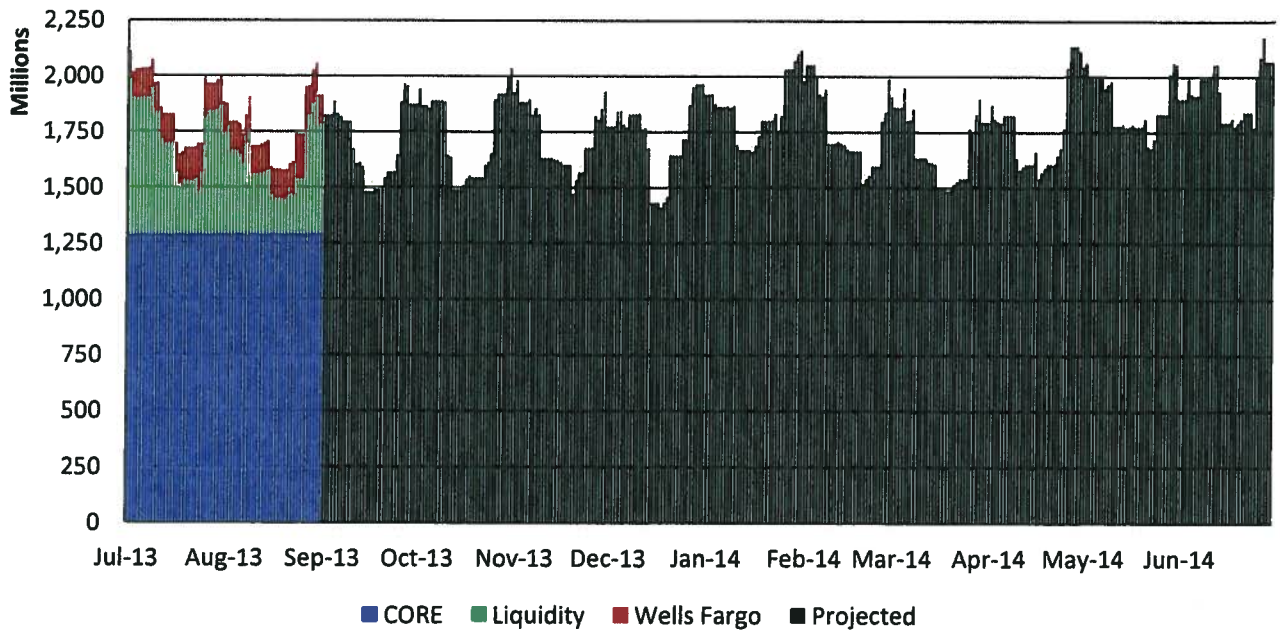


## 9. Cash Projection

## General Fund Investment Pool Historical Balance



## FY - 14 GFIP Balance Projections



## GFIP Projected Month-Ending Balances FY-14



| Sep-13           | Oct-13           | Nov-13           | Dec-13           | Jan-14           |
|------------------|------------------|------------------|------------------|------------------|
| \$ 1,870,003,609 | \$ 2,062,593,458 | \$ 1,797,937,627 | \$ 1,942,255,150 | \$ 2,003,715,951 |

| Feb-14           | Mar-14           | Apr-14           | May-14           | Jun-14           |
|------------------|------------------|------------------|------------------|------------------|
| \$ 1,935,154,954 | \$ 1,819,922,615 | \$ 2,070,315,991 | \$ 1,925,477,527 | \$ 2,094,428,730 |

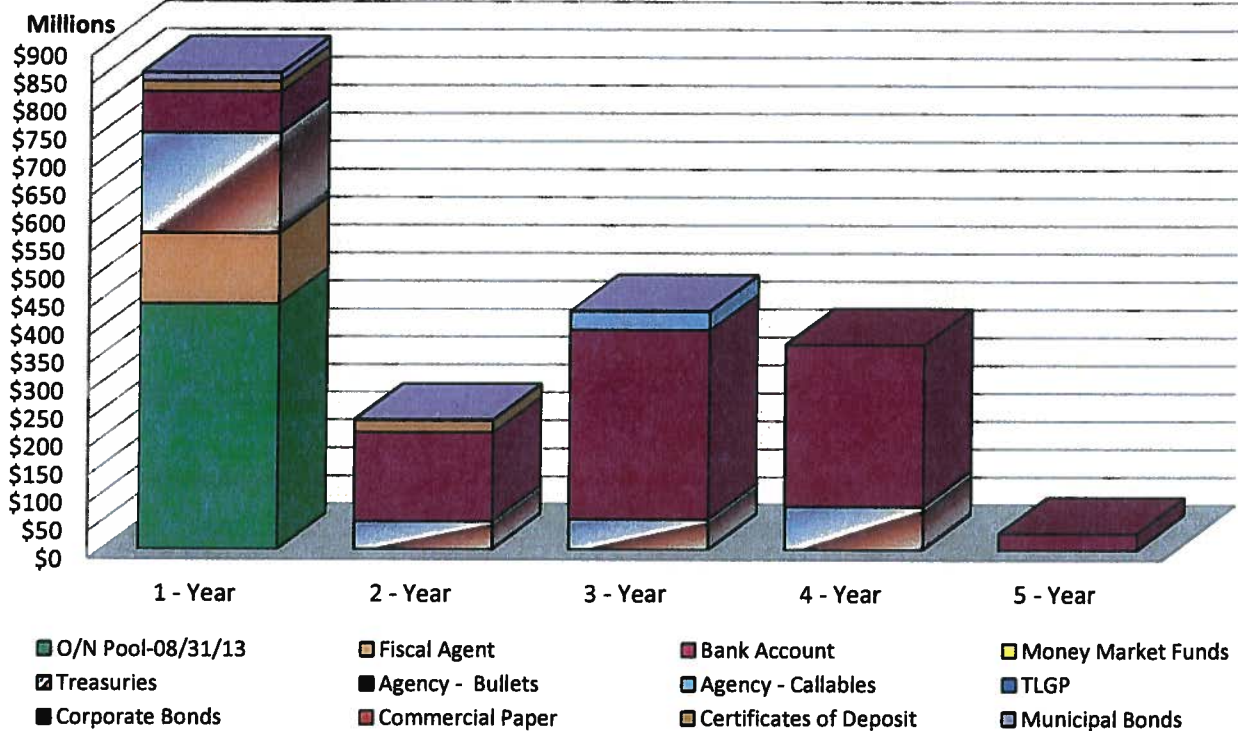


August 31, 2013

# GFIP Cash Flows

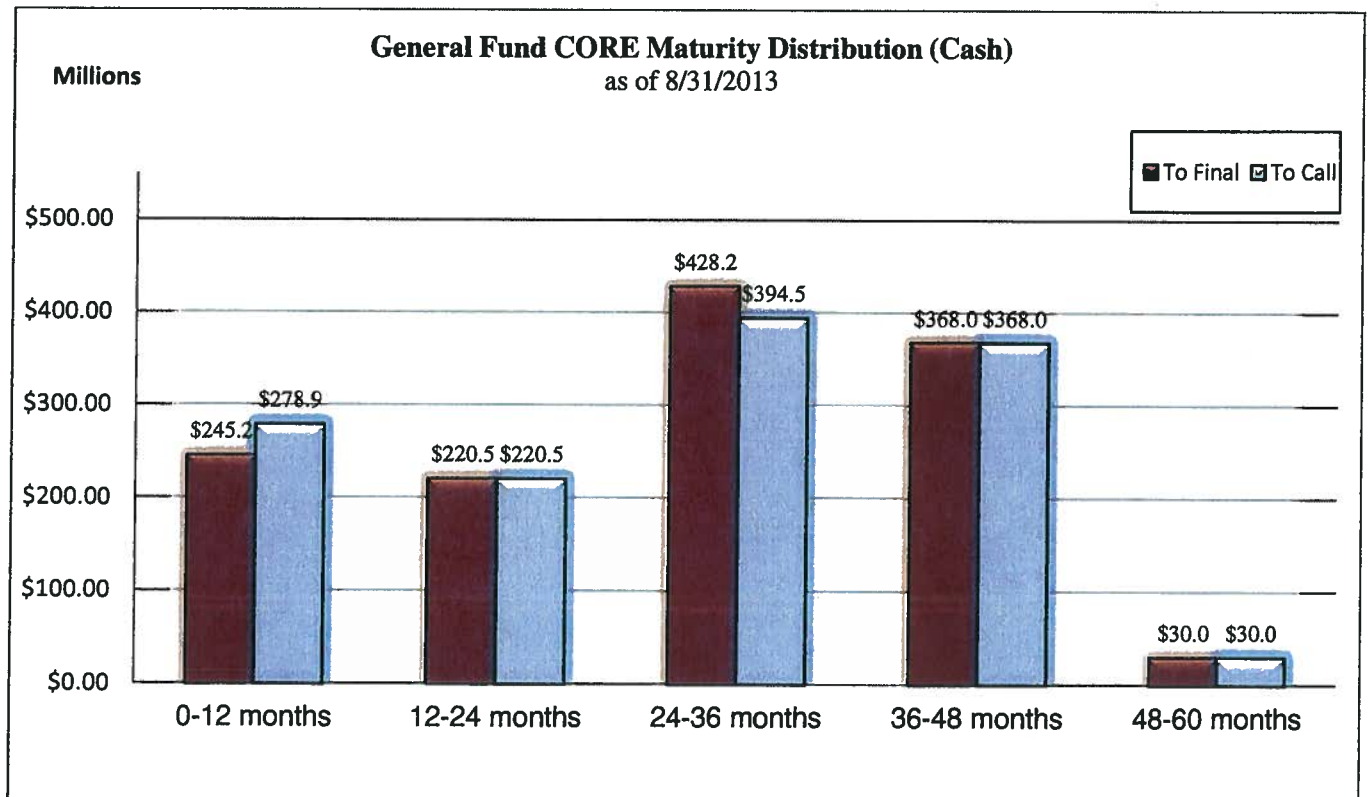
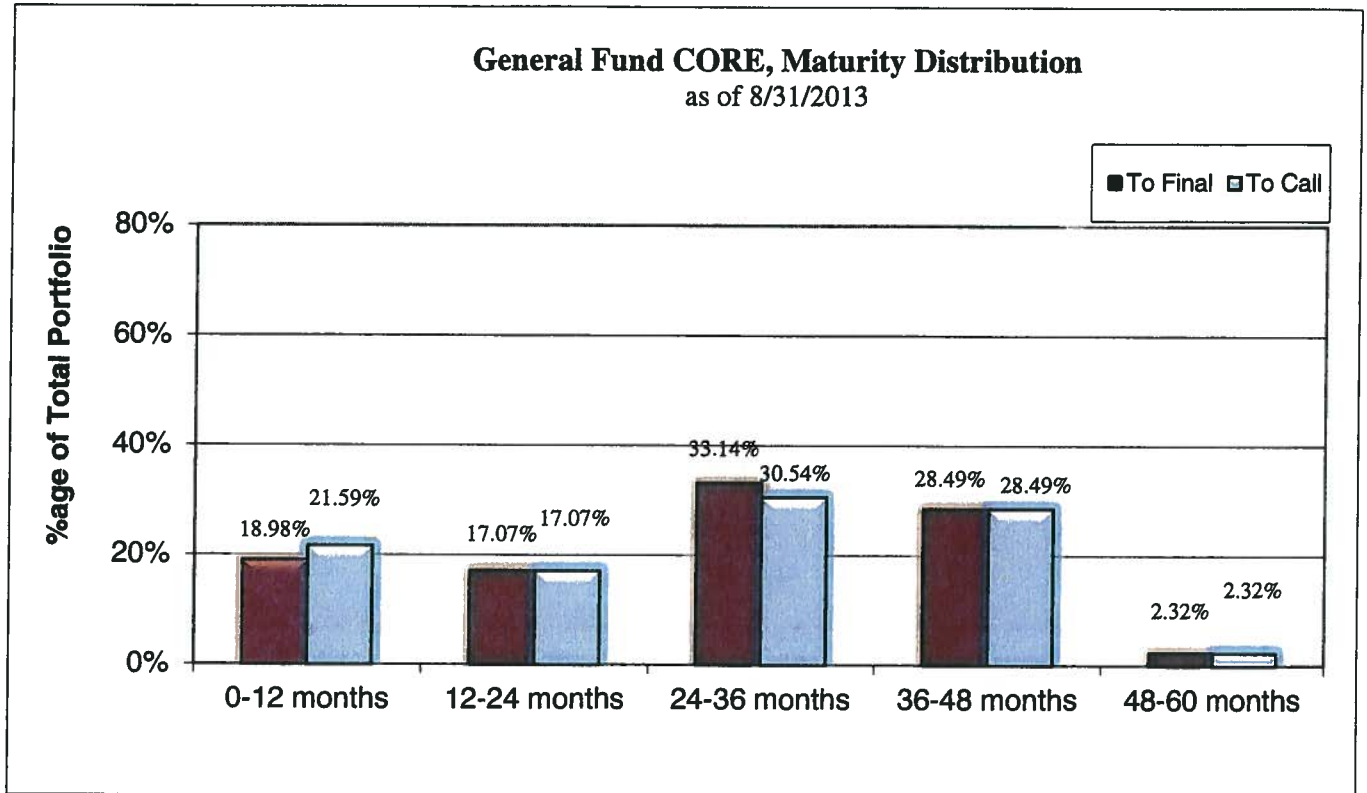


## General Fund Maturity Ladder by Year & Asset Type as of August 31, 2013



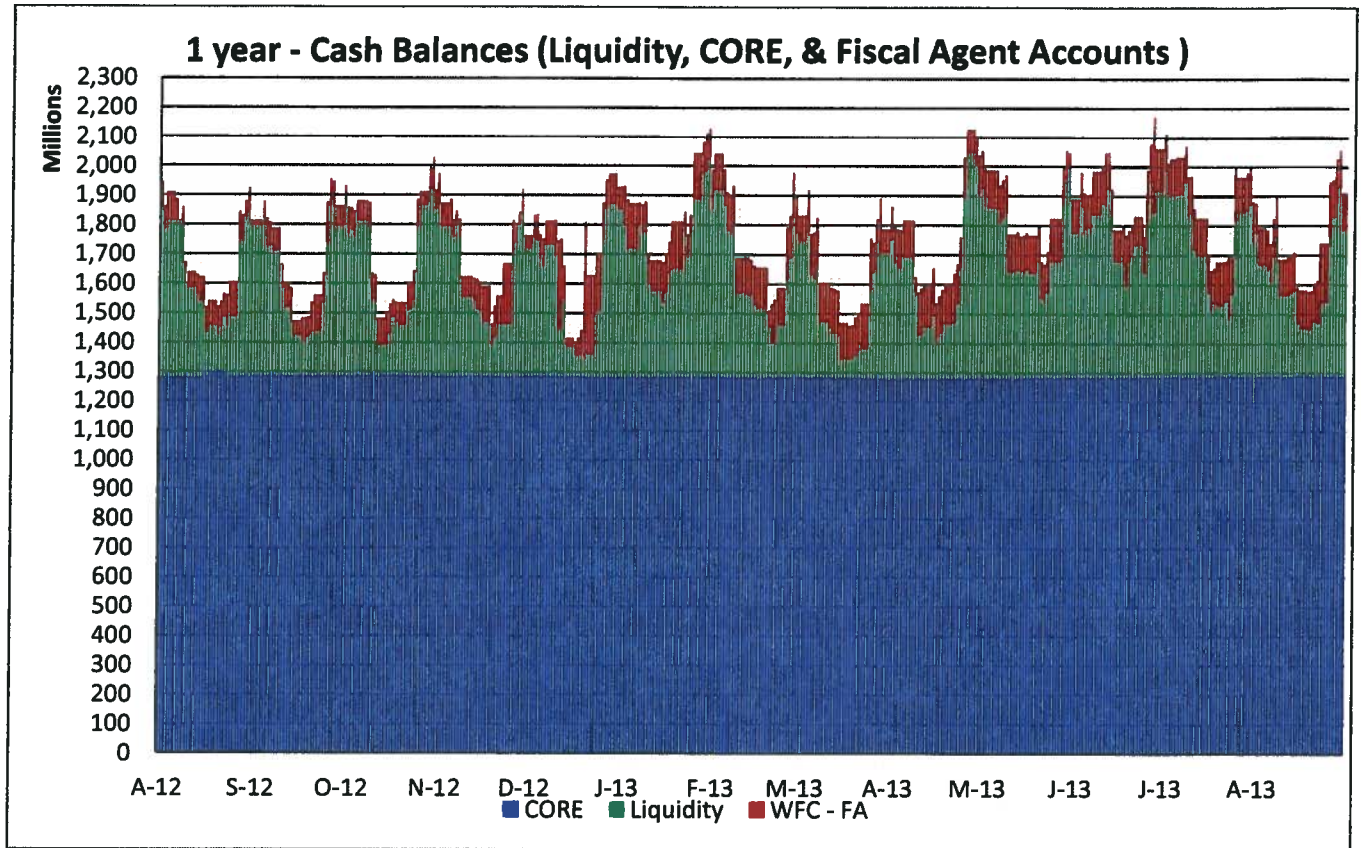
| Asset Allocation        | 1 - Year           | 2 - Year           | 3 - Year           | 4 - Year           | 5 - Year          | Total                | %           |
|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|----------------------|-------------|
| Agency - Bullets        | 73,000,000         | 159,000,000        | 338,750,000        | 289,500,000        | 30,000,000        | 890,250,000          | 47%         |
| Agency - Callables      |                    |                    | 33,660,000         |                    |                   | 33,660,000           | 2%          |
| TLGP                    |                    |                    |                    |                    |                   | 0                    | 0%          |
| Corporate Bonds         |                    |                    |                    |                    |                   | 0                    | 0%          |
| Money Market Funds      | 1,300              |                    |                    |                    |                   | 1,300                | 0%          |
| Municipal Bonds         | 15,180,412         | 1,015,000          | 760,000            |                    |                   | 16,955,412           | 1%          |
| Certificates of Deposit | 19,000,000         | 21,750,000         |                    |                    |                   | 40,750,000           | 2%          |
| Commercial Paper        |                    |                    |                    |                    |                   | 0                    | 0%          |
| Treasuries              | 180,000,000        | 50,650,000         | 55,000,000         | 78,500,000         |                   | 364,150,000          | 19%         |
| Bank Account            |                    |                    |                    |                    |                   | 0                    | 0%          |
| Fiscal Agent            | 126,682,087        |                    |                    |                    |                   | 126,682,087          | 7%          |
| O/N Pool-08/31/13       | 439,630,824        |                    |                    |                    |                   | 439,630,824          | 23%         |
| <b>Total:</b>           | <b>853,494,623</b> | <b>232,415,000</b> | <b>428,170,000</b> | <b>368,000,000</b> | <b>30,000,000</b> | <b>1,912,079,623</b> | <b>100%</b> |
| <b>% of Total:</b>      | <b>45%</b>         | <b>12%</b>         | <b>22%</b>         | <b>19%</b>         | <b>2%</b>         |                      |             |



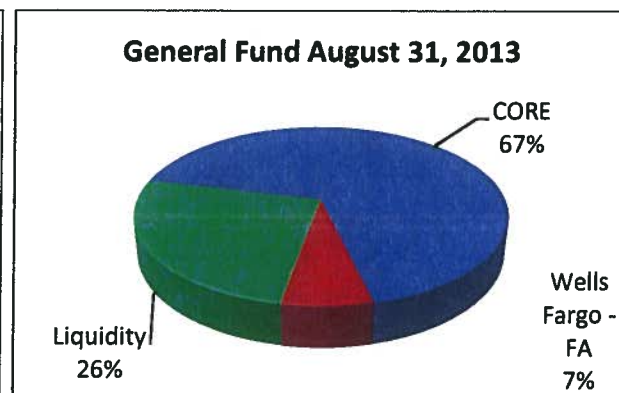
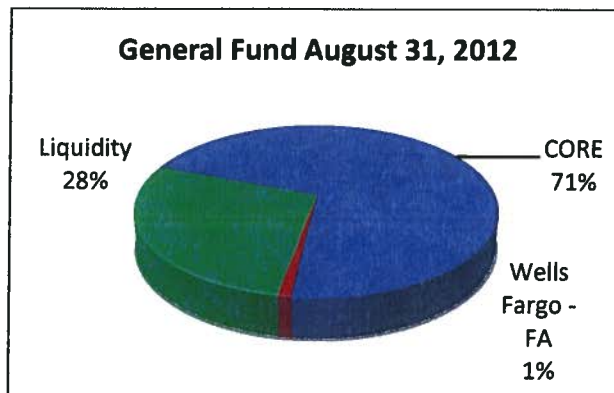


August 31, 2013

# GEIP Cash Flows



| GENERAL FUND     | Aug-12               | Aug-13               | Difference        |
|------------------|----------------------|----------------------|-------------------|
| Liquidity        | 508,845,252          | 493,521,265          | (15,323,987)      |
| CORE             | 1,286,926,186        | 1,291,876,271        | 4,950,085         |
| Wells Fargo - FA | 17,989,507           | 126,682,087          | 108,692,580       |
|                  | <u>1,813,760,945</u> | <u>1,912,079,623</u> | <u>98,318,678</u> |





## 10. Portfolio Summary- General Fund Investment Pool

## **Portfolio Summary – General Fund Investment Pool**

### *Summary*

- The General Fund Investment Pool (Bank, Liquidity and Core Portfolios) closed the month of August at \$2.0 Billion, a decrease of \$100MM over July balances.

### *Portfolio Mix*

- At month end, 99% of the General Fund Core portfolio was invested in fixed income securities; 41% in US Government Securities; 59% in Government Related Securities (Municipal Bonds and Agency Securities), and the balance ~1% in Cash.
- 20% of the portfolio is invested in securities that mature in one year; 20% in securities that mature from 1-2 years; 60% in 2-4 years and 2% within 5 years.
- The General Fund Core portfolio held positions in 79 securities at the end of August.
- The Weighted Average Life of the CORE portion of the general fund is 2.35 years. The Weighted Average duration is 2.26 years.
- The benchmark duration for the CORE portfolio is 2.25 years.
- The maximum security term for the CORE portfolio is 5 years.

### *Performance*

- For August, the General Fund CORE portfolio slightly outperformed its benchmark by four basis points (0.04%) The general fund declined 0.18% and the benchmark declined 0.22%.
- For the last 3 months, the general fund slightly outperformed its benchmark by 4 basis points (0.04%). The general fund lost 0.31% while the benchmark lost 0.35%.
- For the last 12-months, the general fund outperformed its benchmark by 17 basis points (0.17%). The general fund lost 0.21% while the benchmark lost 0.38%.

### *Market Value and Investment Earnings*

- Unrealized losses in the Core Portfolio at the end of August were \$1.7 million.
- Over the month, the unrealized value of the portfolio decreased by \$3.2 Million due to higher rates in the secondary market.
- Monthly Earnings for August on the General Fund Portfolios were \$0.8 million.
- Year-to-date earnings were over \$1.7 million.
- The August 2013 LFC Consensus Revenue Estimate projected FY14 STO General Fund Investment Pool earnings at \$16 Million.
- Projected STO FY earnings are \$10.2 million
- Earnings on the General Fund are used to offset General Fund Spending.

### *Investment Highlights*

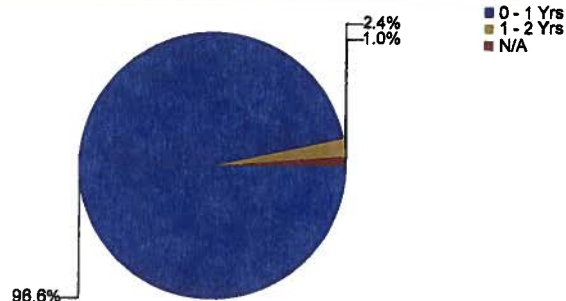
- Maturing securities and free cash are invested to the benchmark duration.
- Relative overweight in agency securities relative to the benchmark has resulted in a portion of performance gains. Relative overweight in duration has resulted in a portion of performance gains.



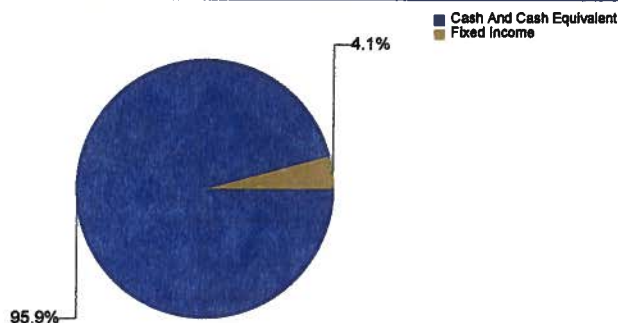
## Portfolio Characteristics

Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Coupon (%)  
Weighted Average Current Yield (%)  
Weighted Average Yield to Maturity (%)  
Weighted Average Rating  
Number of Holdings

493.5  
0.07  
0.06  
0.10  
0.10  
0.10  
AA  
28



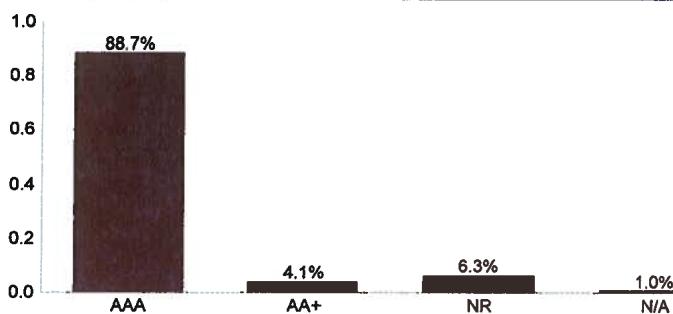
## Asset Mix



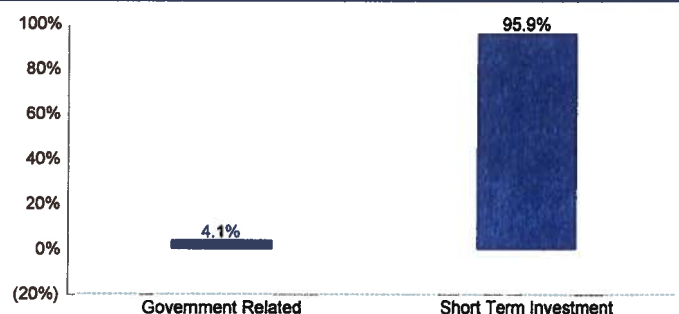
## Top Ten Portfolio Holdings

| Security ID | Security Name                                      | % of Assets | Coupon Rate | Maturity Date |
|-------------|--|-------------|-------------|---------------|
| 990020045   | REPO BANK OF NEW YORK/SOUTH STREET SECS 08301ST    | 9.45%       | 0.08        | 3/9/2013      |
| 990020042   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013W  | 8.76%       | 0.08        | 3/9/2013      |
| 990020041   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013X  | 8.76%       | 0.08        | 3/9/2013      |
| 990020038   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013AB | 8.59%       | 0.08        | 3/9/2013      |
| 990020038   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013AA | 8.59%       | 0.08        | 3/9/2013      |
| 990020040   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013Y  | 8.59%       | 0.08        | 3/9/2013      |
| 990020037   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013AC | 8.59%       | 0.08        | 3/9/2013      |
| 990020039   | REPO MITSUBISHI UFJ SECURITIES (USA),INC. 083013Z  | 8.59%       | 0.08        | 3/9/2013      |
| 3133804M8   | FEDERAL HOME LOAN BANKS CONS BD FLT 14 23/JAN/2014 | 4.05%       | 0.08        | 23/1/2014     |
| 990020044   | REPO BANK OF NEW YORK/SOUTH STREET SECS 083013U    | 3.90%       | 0.08        | 3/9/2013      |

## Quality/Rating Weights

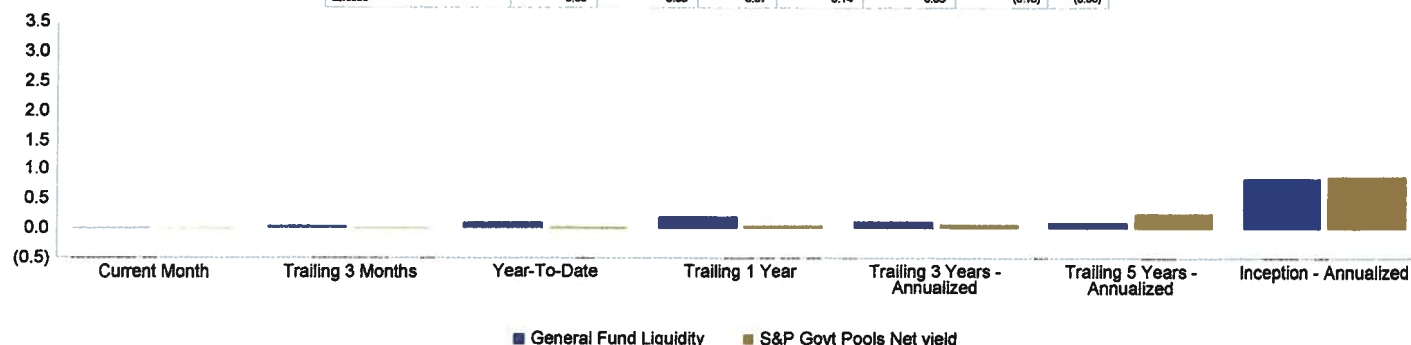


## Sector Weightings (as % of Market Value)



## Returns Series

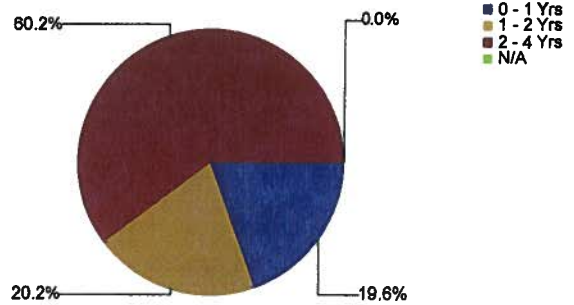
|                          | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|--------------------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| General Fund Liquidity   | 0.01          | 0.03              | 0.10         | 0.19            | 0.12             | 0.10             | 0.83      |
| S&P Govt Pools Net yield | 0.00          | 0.01              | 0.03         | 0.05            | 0.07             | 0.26             | 0.89      |
| Excess                   | 0.00          | 0.03              | 0.07         | 0.14            | 0.05             | (0.16)           | (0.06)    |



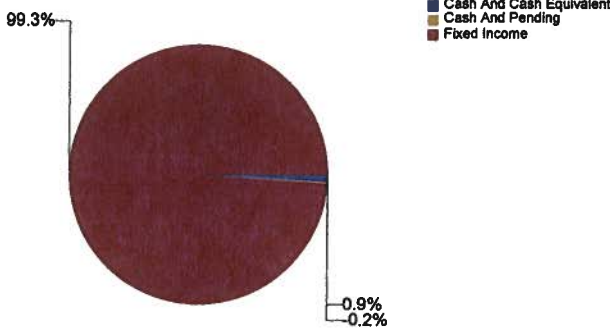
## Portfolio Characteristics

Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Coupon (%)  
Weighted Average Current Yield (%)  
Weighted Average Yield to Maturity (%)  
Weighted Average Rating  
Number of Holdings

1,322.4  
2.35  
2.28  
1.77  
0.66  
0.67  
AA  
79



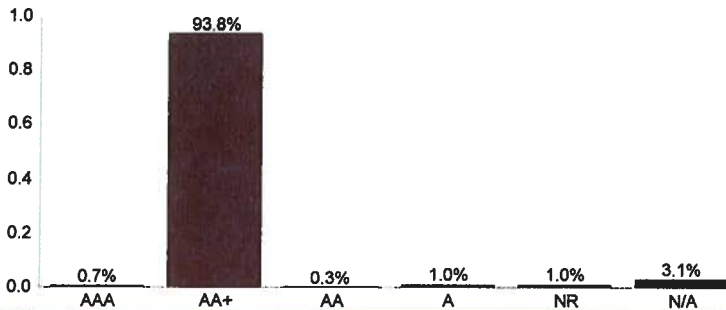
## Asset Mix



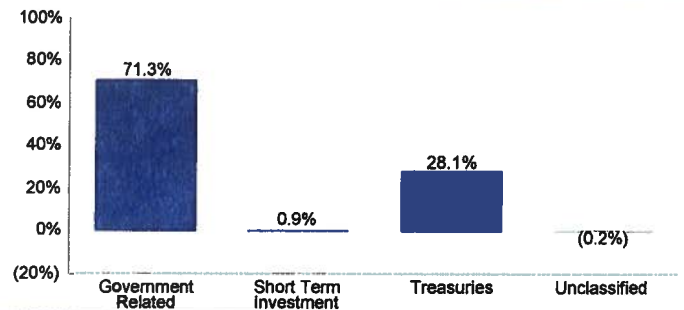
## Top Ten Portfolio Holdings

| Security ID | Security Name                                      | % of Assets | Coupon Rate | Maturity Date |
|-------------|--|-------------|-------------|---------------|
| 313560LN1   | FEDERAL NATIONAL MORTGAGE ASSOC 0.5% NTS           | 4.54%       | 0.50        | 2/7/2015      |
| 31356MH89   | FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016 | 3.41%       | 5.00        | 15/3/2016     |
| 3137EACH7   | FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25/AUG/2018 | 3.12%       | 2.00        | 25/8/2018     |
| 912828KF6   | UNITED STATES OF AMER TREAS NOTES 1.875% TB        | 3.04%       | 1.88        | 28/2/2014     |
| 313560GY3   | FEDERAL NATIONAL MORTGAGE ASSOC 1.25% MTG BDS      | 3.04%       | 1.25        | 30/1/2017     |
| 313560S80   | FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS         | 3.01%       | 0.38        | 21/12/2015    |
| 3133854R9   | FEDERAL HOME LOAN BANKS 0.375% BDS 24/JUN/2016     | 2.99%       | 0.38        | 24/6/2016     |
| 31356M2D4   | FEDERAL NATIONAL MORTGAGE ASSOC 4.875% BDS         | 2.91%       | 4.88        | 15/12/2016    |
| 313560BA0   | FEDERAL NATIONAL MORTGAGE ASSOC 2.375% NTS         | 2.82%       | 2.38        | 11/4/2016     |
| 912828SJ0   | US 0.87500 '17                                     | 2.81%       | 0.88        | 28/2/2017     |

## Quality/Rating Weightings

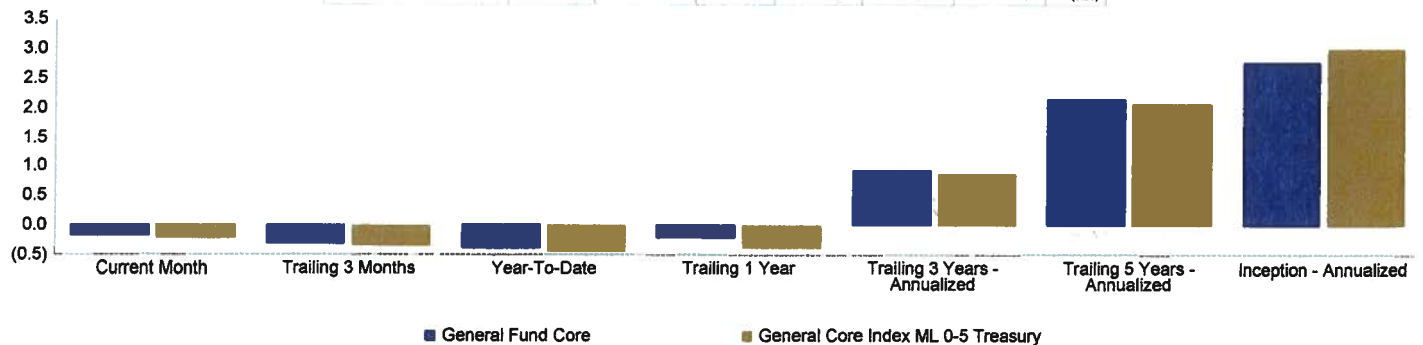


## Sector Weightings (as % of Market Value)



## Returns Series

|                                    | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|------------------------------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| General Fund Core                  | (0.18)        | (0.31)            | (0.39)       | (0.21)          | 0.94             | 2.14             | 2.78      |
| General Core Index ML 0-5 Treasury | (0.22)        | (0.36)            | (0.44)       | (0.38)          | 0.89             | 2.07             | 3.01      |
| Excess                             | 0.05          | 0.03              | 0.05         | 0.17            | 0.05             | 0.07             | (0.23)    |



**STATE OF NEW MEXICO**  
**GENERAL FUND (1000)**  
Portfolio Classification Summary  
Positions Held as of 8/31/13 (TRADE Basis)

AMTZ ADDED: NO

| ASSET CLASSIFICATION          | ITEMS     | YIELD        | AVG-TERM      | PRINCIPAL          | COST-BASIS         | MARKET-VALUE       | GAIN/LOSS    | %MARKET        |
|-------------------------------|-----------|--------------|---------------|--------------------|--------------------|--------------------|--------------|----------------|
| REPURCHASE AGREEMENTS (O/N)   | 2         | .0811        | .00820        | 437,605,853        | 437,605,853        | 437,605,853        |              | 88.668         |
| CERTIFICATES OF DEPOSIT       | 9         | .4033        | .73029        | 30,750,000         | 30,750,000         | 30,750,000         |              | 6.231          |
| AGENCY US VARIABLE ACT/360 4X | 1         | .1110        | .39730        | 20,000,000         | 19,998,827         | 20,002,600         | 3,773        | 4.053          |
| MUNI US 30/360 2X             | 1         | .3549        | .75070        | 200,000            | 206,959            | 207,038            | 79           | .042           |
| MUNICIPAL BOND REVENUE        | 1         | .3537        | .83010        | 4,965,412          | 4,965,412          | 4,965,412          |              | 1.006          |
| CASH ACCOUNT                  | 1         |              |               | 2,170              | 2,170              | 2,170              |              |                |
|                               | <u>15</u> | <u>.1053</u> | <u>.07753</u> | <u>493,523,435</u> | <u>493,529,221</u> | <u>493,533,073</u> | <u>3,852</u> | <u>100.000</u> |

**STATE OF NEW MEXICO**  
**GENERAL FUND CORE (1001)**  
Portfolio Classification Summary  
Positions Held as of 8/31/13 (TRADE Basis)

AMTZ ADDED: NO

| ASSET CLASSIFICATION        | ITEMS     | YIELD        | AVG-TERM       | PRINCIPAL            | COST-BASIS           | MARKET-VALUE         | GAIN/LOSS         | %MARKET        |
|-----------------------------|-----------|--------------|----------------|----------------------|----------------------|----------------------|-------------------|----------------|
| REPURCHASE AGREEMENTS (O/N) | 1         | .0811        | .00820         | 2,024,971            | 2,024,971            | 2,024,971            |                   | .153           |
| CERTIFICATES OF DEPOSIT     | 1         | .5500        | 1.12330        | 10,000,000           | 10,000,000           | 10,000,000           |                   | .757           |
| U.S. TREASURY BONDS         | 1         | .3822        | 2.20820        | 15,000,000           | 18,121,711           | 18,087,900           | -33,811           | 1.370          |
| US TREASURY NOTE ACT/ACT 2X | 17        | .8924        | 1.67243        | 349,150,000          | 351,448,183          | 352,118,215          | 670,032           | 26.660         |
| AGENCY US BOND 30/360 2X    | 7         | .5812        | 2.40026        | 143,000,000          | 144,196,733          | 143,656,760          | -539,973          | 10.877         |
| AGENCY 30/360 2X            | 3         | .9672        | 3.04921        | 66,000,000           | 65,981,572           | 66,084,100           | 102,528           | 5.003          |
| AGENCY US NOTES 30/360 2X   | 24        | .8156        | 2.59897        | 514,910,000          | 534,791,763          | 533,256,962          | -1,534,801        | 40.375         |
| FED NATL MORTGAGE ASSN DEBS | 7         | .7126        | 2.47023        | 180,000,000          | 180,272,317          | 179,847,900          | -424,417          | 13.617         |
| MUNI US 30/360 2X           | 12        | .7238        | 1.00530        | 14,220,000           | 14,394,919           | 14,408,017           | 13,098            | 1.091          |
| MUNICIPAL BOND REVENUE      | 4         | .4798        | 1.45377        | 1,245,000            | 1,278,639            | 1,278,770            | 131               | .097           |
| UNITS - INVESTMENT POOL 1   | 1         |              |                | 1,300                | 1,300                | 1,300                |                   |                |
|                             | <u>78</u> | <u>.7936</u> | <u>2.29383</u> | <u>1,295,551,271</u> | <u>1,322,512,108</u> | <u>1,320,764,895</u> | <u>-1,747,213</u> | <u>100.000</u> |



SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                  | CUSIP#   | RATE | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|------------------------------|----------|------|----------|-------|---------------|----------------|------------|
| 124,045,853  | OVERNIGHT REPO               | 0903RP   | .080 | 9/03/13  | .081  | 99.999999774  | 124,045,852.72 | 124,045,85 |
| 313,560,000  | OVERNIGHT REPO               | 0903RP   | .080 | 9/03/13  | .081  | 100.000000000 | 313,560,000.00 | 313,560,00 |
| 5,000,000    | FIRST NATIONAL BANK SANTA FE | 10336906 | .400 | 10/15/13 | .400  | 100.000000000 | 5,000,000.00   | 5,000,00   |
| 8,000,000    | CENTURY BANK SANTA FE        | 17099247 | .300 | 10/31/13 | .300  | 100.000000000 | 8,000,000.00   | 8,000,00   |
| 450,605,853  |                              |          |      |          | .001  |               | 450,605,852.72 | 450,605,85 |

====> 0004 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

|            |                         |          |      |         |      |               |               |           |
|------------|-------------------------|----------|------|---------|------|---------------|---------------|-----------|
| 20,000,000 | FEDERAL HOME LOAN BANKS | 3133804M | .273 | 1/23/14 | .112 | 99.994133800  | 19,998,826.76 | 20,002,60 |
| 4,965,412  | STN SERIES 2013S-C      | STN2013S | .350 | 6/30/14 | .354 | 100.000008257 | 4,965,412.41  | 4,965,41  |
| 2,000,000  | UNION SAVINGS BANK      | 00015400 | .400 | 7/08/14 | .400 | 100.000000000 | 2,000,000.00  | 2,000,00  |
| 2,000,000  | UNION SAVINGS BANK      | 00156000 | .600 | 8/27/14 | .600 | 100.000000000 | 2,000,000.00  | 2,000,00  |
| 2,000,000  | Bank 34                 | 01010047 | .550 | 8/28/14 | .550 | 100.000000000 | 2,000,000.00  | 2,000,00  |
| 8,000,000  | CENTURY BANK SANTA FE   | 17099245 | .400 | 9/29/14 | .400 | 100.000000000 | 8,000,000.00  | 8,000,00  |
| 38,965,412 |                         |          |      |         | .010 |               | 38,964,239.17 | 38,968,01 |

====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

|           |                           |          |       |         |       |               |              |          |
|-----------|---------------------------|----------|-------|---------|-------|---------------|--------------|----------|
| 250,000   | GUADALUPE CREDIT UNION    | 735605   | 1.000 | 3/26/15 | 1.000 | 100.000000000 | 250,000.00   | 250,00   |
| 3,000,000 | FARMERS & STOCKMEN'S BANK | 8521510  | .400  | 4/23/15 | .400  | 100.000000000 | 3,000,000.00 | 3,000,00 |
| 500,000   | WESTERN BANK CLOVIS       | 0.515981 | .500  | 6/03/15 | .500  | 100.000000000 | 500,000.00   | 500,00   |
| 3,750,000 |                           |          |       |         | .108  |               | 3,750,000.00 | 3,750,00 |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S O F F I C E

=====

| POSITION-SIZ | DESCRIPTION | CUSIP# | RATE | MATURITY | YIELD | UNIT-BOOK | CURRENT BK | LOC-MKT-VA |
|--------------|-------------|--------|------|----------|-------|-----------|------------|------------|
|--------------|-------------|--------|------|----------|-------|-----------|------------|------------|

-----

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

|         |                                  |          |       |         |       |               |            |        |
|---------|----------------------------------|----------|-------|---------|-------|---------------|------------|--------|
| 200,000 | GALLUP N MEX JT UTIL REV JT UTIL | 364046EA | 5.000 | 6/01/17 | .355  | 103.479335000 | 206,958.67 | 207,03 |
| -----   |                                  |          |       |         | ----- |               | -----      | -----  |
| 200,000 |                                  |          |       |         | 1.953 |               | 206,958.67 | 207,03 |

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2017 <====

|             |  |  |  |  |       |  |                |            |
|-------------|--|--|--|--|-------|--|----------------|------------|
| -----       |  |  |  |  | ----- |  | -----          | -----      |
| 493,521,265 |  |  |  |  | .001  |  | 493,527,050.56 | 493,530,90 |

====> 0014 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ                    | DESCRIPTION | CUSIP#   | RATE | MATURITY | YIELD  | UNIT-BOOK   | CURRENT BK | LOC-MKT-VA |
|---------------------------------|-------------|----------|------|----------|--------|-------------|------------|------------|
| 1,300 UNITS - INVESTMENT POOL 1 |             | UNITS001 |      |          |        | 1.000261539 | 1,300.34   | 1,30       |
| 1,300                           |             |          |      |          | 310.83 |             | 1,300.34   | 1,30       |

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

|   |          |      |          |       |               |               |           |
|---|----------|------|----------|-------|---------------|---------------|-----------|
| 2,024,971 OVERNIGHT REPO                | 0903RP   | .080 | 9/03/13  | .081  | 99.999997037  | 2,024,970.94  | 2,024,97  |
| 10,000,000 UNITED STATES TREASURY NOTES | 912828JZ | .750 | 9/15/13  | .541  | 100.007867000 | 10,000,786.70 | 10,001,90 |
| 10,000,000 FEDERAL HOME LOAN BANKS      | 313371UC | .875 | 12/27/13 | 1.110 | 99.928862800  | 9,992,886.28  | 10,025,20 |
| 22,024,971                              |          |      |          | .018  |               | 22,018,643.92 | 22,052,07 |

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

|   |          |       |         |       |               |               |           |
|---|----------|-------|---------|-------|---------------|---------------|-----------|
| 13,000,000 FEDERAL NATIONAL MORTGAGE ASSOCI | 31359MTP | 5.125 | 1/02/14 | .828  | 101.441836615 | 13,187,438.76 | 13,215,15 |
| 10,000,000 FED HOME LOAN BANKS              | 313376UF | .375  | 1/29/14 | .323  | 100.023145800 | 10,002,314.58 | 10,012,00 |
| 20,000,000 UNITED STATES TREASURY NOTES     | 912828JZ | 1.750 | 1/31/14 | .666  | 100.445999350 | 20,089,199.87 | 20,136,80 |
| 20,000,000 UNITED STATES TREASURY NOTES     | 912828QH | 1.250 | 2/15/14 | 1.413 | 99.926221300  | 19,985,244.26 | 20,106,20 |
| 40,000,000 UNITED STATES TREASURY NOTES     | 912828KF | 1.875 | 2/28/14 | 1.048 | 100.409201650 | 40,163,680.66 | 40,353,20 |
| 15,000,000 UNITED STATES TREASURY NOTES     | 912828KJ | 1.750 | 3/31/14 | .729  | 100.588865600 | 15,088,329.84 | 15,141,75 |
| 2,075,000 NEW MEXICO ST UNIV REVS           | 647429V5 | .300  | 4/01/14 | .304  | 100.000000000 | 2,075,000.00  | 2,072,38  |
| 20,000,000 UNITED STATES TREASURY NOTES     | 912828KN | 1.875 | 4/30/14 | 1.476 | 100.261271550 | 20,052,254.31 | 20,232,00 |
| 20,000,000 UNITED STATES TREASURY NOTES     | 912828KV | 2.250 | 5/31/14 | 1.509 | 100.546424600 | 20,109,284.92 | 20,314,00 |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 3,060,000    | NEW MEXICO FIN AUTH REV          | 64711NNW | 3.000 | 6/01/14  | 1.490 | 101.135556536 | 3,094,748.03   | 3,111,31   |
| 3,615,000    | NEW MEXICO FIN AUTH REV          | 64711NPB | 2.000 | 6/01/14  | .456  | 101.158897649 | 3,656,894.15   | 3,661,12   |
| 770,000      | NEW MEXICO FIN AUTH REV          | 64711NPX | 2.000 | 6/01/14  | 1.014 | 100.744650649 | 775,733.81     | 777,24     |
| 165,000      | UNIVERSITY OF NM-REFUNDING       | 914692Q6 | 3.000 | 6/01/14  | .487  | 101.883654546 | 168,108.03     | 168,32     |
| 330,000      | UNIVERSITY OF NM-REFUNDING       | 914692N3 | 2.000 | 6/01/14  | .487  | 101.136160606 | 333,749.33     | 334,21     |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828QS | .750  | 6/15/14  | .771  | 99.983290250  | 19,996,658.05  | 20,096,80  |
| 200,000      | ALBUQUERQUE N MEX ARPT REV SUB L | 013538KJ | 5.000 | 7/01/14  | .406  | 103.822545000 | 207,645.09     | 207,52     |
| 15,000,000   | UNITED STATES TREAS NTS          | 912828LC | 2.625 | 7/31/14  | 1.513 | 101.003451267 | 15,150,517.69  | 15,335,70  |
| 2,175,000    | BELEN N MEX CONS SCH DIST NO 2 G | 077581NT | 2.000 | 8/01/14  | .356  | 101.435000000 | 2,206,211.25   | 2,208,47   |
| 20,000,000   | FED NATL MORTGAGE ASSN DEBS      | 3135G0BY | .875  | 8/28/14  | .457  | 100.418635150 | 20,083,727.03  | 20,135,80  |
| 10,000,000   | FIRST NATIONAL BANK SANTA FE     | 01033690 | .550  | 10/15/14 | .550  | 100.000000000 | 10,000,000.00  | 10,000,00  |
| 10,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACY | .750  | 11/25/14 | .772  | 99.986355600  | 9,998,635.56   | 10,062,30  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EADA | .625  | 12/29/14 | .364  | 100.352059350 | 20,070,411.87  | 20,088,60  |
| 265,390,000  |                                  |          |       |          | .002  |               | 266,495,787.09 | 267,770,90 |

==> 0022 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2014 <==

|            |                                  |          |       |         |      |               |               |           |
|------------|----------------------------------|----------|-------|---------|------|---------------|---------------|-----------|
| 29,000,000 | FEDERAL HOME LOAN BANK           | 313381YP | .250  | 2/20/15 | .297 | 99.936743414  | 28,981,655.59 | 28,964,91 |
| 20,000,000 | FED NATL MORTGAGE ASSN DEBS      | 3135G0HG | .375  | 3/16/15 | .541 | 99.756452650  | 19,951,290.53 | 20,010,80 |
| 540,000    | NEW MEXICO ST UNIV REVS          | 647429V6 | .800  | 4/01/15 | .811 | 100.000000000 | 540,000.00    | 539,07    |
| 20,000,000 | UNITED STATES TREAS NTS          | 912828SP | .375  | 4/15/15 | .387 | 99.980760450  | 19,996,152.09 | 20,022,60 |
| 60,000,000 | FED NATL MORTGAGE ASSN DEBS      | 3135G0LN | .500  | 7/02/15 | .511 | 99.992479967  | 59,995,487.98 | 60,086,40 |
| 10,500,000 | UNITED STATES TREASURY NOTES     | 912828TD | .250  | 7/15/15 | .320 | 99.870379048  | 10,486,389.80 | 10,476,58 |
| 20,000,000 | FEDERAL HOME LOAN MORTGAGE CORPO | 3134A4VC | 4.375 | 7/17/15 | .965 | 106.355511850 | 21,271,102.37 | 21,473,20 |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 25,000       | SOUTHERN SANDOVAL CNTY N MEX A   | 843789FH | 2.000 | 8/01/15  | .710  | 102.470080000 | 25,617.52      | 25,62      |
| 500,000      | BELEN N MEX CONS SCH DIST NO 2 G | 077581NU | 2.000 | 8/01/15  | .507  | 102.791000000 | 513,955.00     | 513,73     |
| 250,000      | BERNALILLO NM MUNI SCH DIST #1   | 85279PF8 | 3.130 | 8/01/15  | .512  | 105.000028000 | 262,500.07     | 262,50     |
| 500,000      | ALBUQUERQUE N MEX MUN SCH DIST S | 013595RX | 2.000 | 8/01/15  | .456  | 102.856000000 | 514,280.00     | 513,73     |
| 20,150,000   | UNITED STATES TREAS NTS          | 912828EE | 4.250 | 8/15/15  | .346  | 107.594923772 | 21,680,377.14  | 21,655,80  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACM | 1.750 | 9/10/15  | 1.015 | 101.497518200 | 20,299,503.64  | 20,517,80  |
| 14,250,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0NV | .500  | 9/28/15  | .503  | 100.008221614 | 14,251,171.58  | 14,253,42  |
| 15,000,000   | UNITED STATES TREASURY BONDS     | 912810DT | 9.875 | 11/15/15 | .382  | 120.811407200 | 18,121,711.08  | 18,087,90  |
| 13,000,000   | FEDERAL HOME LOAN BANKS          | 313380L9 | .500  | 11/20/15 | .432  | 100.163684769 | 13,021,279.02  | 12,985,96  |
| 40,000,000   | FNMA                             | 3135G0SB | .375  | 12/21/15 | .439  | 99.868091325  | 39,947,236.53  | 39,821,20  |
| 11,660,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3EG | 1.150 | 12/30/15 | 1.166 | 100.000000000 | 11,660,000.00  | 11,691,83  |
| 10,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3FA | 1.100 | 12/30/15 | 1.115 | 100.000000000 | 10,000,000.00  | 10,023,40  |
| 305,375,000  |                                  |          |       |          | .001  |               | 311,519,709.94 | 311,926,48 |

==> 0019 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2015 <==

|            |                                  |          |       |         |       |               |               |           |
|------------|----------------------------------|----------|-------|---------|-------|---------------|---------------|-----------|
| 12,000,000 | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0TZ | .450  | 1/29/16 | .456  | 100.000000000 | 12,000,000.00 | 11,954,16 |
| 40,000,000 | FEDERAL NATIONAL MORTGAGE ASSOCI | 31359MH8 | 5.000 | 3/15/16 | .763  | 110.660507475 | 44,264,202.99 | 44,331,60 |
| 580,000    | NEW MEXICO ST UNIV REVS          | 647429V7 | 1.000 | 4/01/16 | 1.014 | 100.000000000 | 580,000.00    | 573,72    |
| 35,500,000 | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0BA | 2.375 | 4/11/16 | .804  | 104.081215972 | 36,948,831.67 | 37,014,07 |
| 20,000,000 | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACT | 2.500 | 5/27/16 | 1.095 | 103.820347550 | 20,764,069.51 | 20,925,60 |
| 25,000,000 | FEDERAL AGRICULTURAL MORTG CORP  | 31315PB7 | .900  | 6/09/16 | .913  | 100.000000000 | 25,000,000.00 | 25,162,50 |
| 40,000,000 | FEDERAL HOME LOAN BANK           | 3133834R | .375  | 6/24/16 | .438  | 99.840328550  | 39,936,131.42 | 39,640,40 |
| 180,000    | NEW MEXICO ST SEVERANCE TAX      | 647310Q4 | 5.000 | 7/01/16 | .709  | 112.043516667 | 201,678.33    | 201,10    |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 15,000,000   | FANNIE MAE .0375 MAT 7/8/2016    | 3135G0XP | .375  | 7/05/16  | .493  | 99.686546333  | 14,952,981.95  | 14,808,60  |
| 20,000,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 31359MS6 | 5.375 | 7/15/16  | 1.142 | 111.973950450 | 22,394,790.09  | 22,566,60  |
| 16,000,000   | FARMER MAC                       | 31315PR8 | .770  | 8/01/16  | .821  | 99.884825375  | 15,981,572.06  | 15,893,60  |
| 500,000      | BELEN N MEX CONS SCH DIST NO 2 G | 077581NV | 2.000 | 8/01/16  | .781  | 103.487000000 | 517,435.00     | 516,67     |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828VR | .625  | 8/15/16  | .620  | 100.015346150 | 20,003,069.23  | 19,923,40  |
| 40,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACW | 2.000 | 8/25/16  | .844  | 103.434743125 | 41,373,897.25  | 41,298,00  |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828RF | 1.000 | 8/31/16  | .929  | 100.207964150 | 20,041,592.83  | 20,123,40  |
| 20,000,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0CM | 1.250 | 9/28/16  | 1.218 | 100.147904750 | 20,029,580.95  | 20,190,20  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORP. | 3137EADS | .875  | 10/14/16 | .892  | 99.985021250  | 19,997,004.25  | 19,942,20  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EAAJ | 5.125 | 10/18/16 | .561  | 114.168983400 | 22,833,796.68  | 22,554,60  |
| 34,000,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 31359M2D | 4.875 | 12/15/16 | .590  | 113.964419147 | 38,747,902.51  | 38,180,64  |
| 10,000,000   | FEDERAL HOME LOAN BANKS          | 3133XHZZ | 4.750 | 12/16/16 | .704  | 113.174977500 | 11,317,497.75  | 11,211,20  |
| 25,000,000   | UNITED STATES TREAS NTS          | 912828RX | .875  | 12/31/16 | .776  | 100.324939160 | 25,081,234.79  | 24,943,25  |
| 433,760,000  |                                  |          |       |          | .001  |               | 452,967,269.26 | 451,955,53 |

====> 0021 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

|            |                                  |          |       |         |       |               |               |           |
|------------|----------------------------------|----------|-------|---------|-------|---------------|---------------|-----------|
| 25,000,000 | FEDERAL AGRICULTURAL MORTGAGE CO | 31315PN8 | 1.100 | 1/26/17 | 1.115 | 100.000000000 | 25,000,000.00 | 25,028,00 |
| 40,000,000 | FED NATL MORTGAGE ASSN DEBS      | 3135G0GY | 1.250 | 1/30/17 | 1.069 | 100.654332100 | 40,261,732.84 | 40,193,60 |
| 20,000,000 | UNITED STATES TREAS NTS          | 912828SC | .875  | 1/31/17 | .846  | 100.098455700 | 20,019,691.14 | 19,925,00 |
| 20,000,000 | FEDERAL HOME LOAN BANK           | 3133786Q | 1.000 | 2/13/17 | 1.044 | 99.896919750  | 19,979,383.95 | 19,960,80 |
| 33,500,000 | UNITED STATES TREAS NTS          | 912828SJ | .875  | 2/28/17 | .872  | 100.011093821 | 33,503,716.43 | 33,329,82 |
| 20,000,000 | FED HOME LOAN MORTGAGE CORP DBS  | 3137EADC | 1.000 | 3/08/17 | 1.121 | 99.634586050  | 19,926,917.21 | 19,868,40 |
| 10,000,000 | FED NATL MORTGAGE ASSN DEBS      | 3135G0JA | 1.125 | 4/27/17 | 1.064 | 100.270992900 | 10,027,099.29 | 9,966,70  |

SOURCE: VisualQED

MODEL: INVENTORY

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RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 20,000,000   | FEDERAL HOME LN MTG CORP         | 3137EADH | 1.000 | 6/29/17  | .934  | 100.295036000 | 20,059,007.20  | 19,788,00  |
| 25,500,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EADJ | 1.000 | 7/28/17  | .932  | 100.311170118 | 25,579,348.38  | 25,085,62  |
| 25,000,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135GOMZ | .875  | 8/28/17  | .799  | 100.341953640 | 25,085,488.41  | 24,523,75  |
| 15,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EADL | 1.000 | 9/29/17  | .900  | 100.446744667 | 15,067,011.70  | 14,742,90  |
| 254,000,000  |                                  |          |       |          | .002  |               | 254,509,396.55 | 252,412,59 |

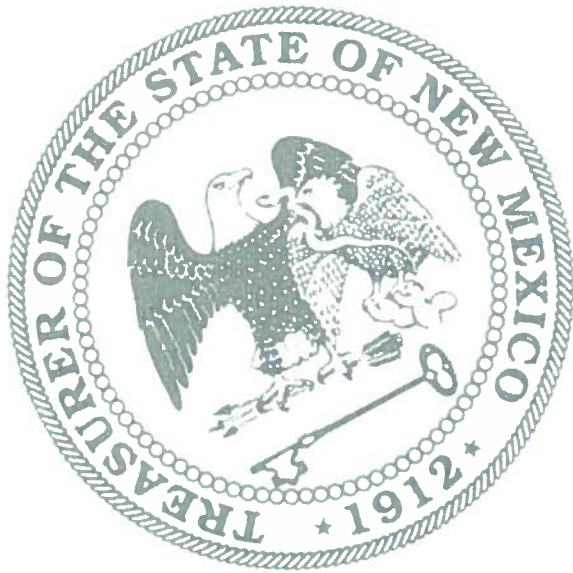
====> 0011 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2017 <====

|            |                             |          |       |         |       |               |               |           |
|------------|-----------------------------|----------|-------|---------|-------|---------------|---------------|-----------|
| 15,000,000 | FED NAT'L MORTGAGE ASSN DEB | 3136G1EN | 1.100 | 3/13/18 | 1.115 | 100.000000000 | 15,000,000.00 | 14,646,00 |
| 15,000,000 |                             |          |       |         | .027  |               | 15,000,000.00 | 14,646,00 |

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2018 <====

|            |  |  |  |  |  |  |               |           |
|------------|--|--|--|--|--|--|---------------|-----------|
| 1295551271 |  |  |  |  |  |  | 1322512107.10 | 132076489 |
|------------|--|--|--|--|--|--|---------------|-----------|

====> 0078 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> GENERAL FUND CORE <====



## 11. Portfolio Summary- Local Government Investment Pool (LGIP)



## **Portfolio Summary – Local Government Investment Pool (LGIP)**

### *Summary*

- Ending August market value for the LGIP was \$545mil, higher than the \$522mil reported at the end of July.
- The LGIP maintains an AAAM rating by Standard & Poor's.
- At the end of August the STO LGIP participant balance was \$24,320,476.37 or 4.7% of the Pool.
- At the end of August the Judicial District Court LGIP participant balance was \$3,947,682.14 or 0.8% of the Pool.

### *Portfolio Mix*

- At the end of August 2013 the portfolio was invested as follows: 21% in US Treasuries, 21% in US Government Agencies, 32% in collateralized demand deposit accounts with qualified banking institutions, 18% in floating rate securities, and 8% in corporates/commercial paper.
- At month-end, the LGIP held positions in 38 securities.

### *Investment Earnings*

- In August, the fund earned \$73,718 for its participants.
- For Fiscal Year 2013, the fund has earned \$145,386.
- Earnings in the LGIP are retained by participants after a management fee of 0.05% is paid to the General Fund.

### *Performance*

- Gross Yield on the LGIP was 0.152% at the end of August.
- Net yield to participants was 0.102%.

### *Investment Highlights*

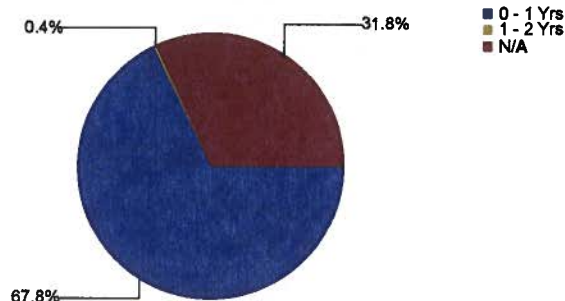
- For the LGIP, the WAM(R) of 48 days, and WAM (F) of 81 days, were within their maximums of 60 and 120 days respectively.
- The LGIP experienced net subscriptions for the month of August, \$23mil.
- Maturities for August totaled \$19.7mil face amount.
- The WAMs drifted lower as cash available was minimal (Wells Fargo deposits began the month at only \$4mil) while subscriptions were maintained for liquidity purposes.
- LGIP had previously utilized term investments to reduce exposure to collateralized bank deposits and eliminate very low yielding overnight repo.
- The LGIP was able to purchase \$19mil FHLB out to April 2014 at 0.14%.
- Agency floating rate notes that reset vs. the Prime Bank Rate were still attractive vs. other indices (that have trended lower as rates below six months have declined). LGIP added \$2mil FFCB maturing in March of 2015 at DM-305 bp or 0.20%.
- An additional \$1.485mil of FDIC SSGNs (Structured Sale Guaranteed Notes) maturing in October 2013 were purchased at a yield of 0.13%.

### *Investment Strategy*

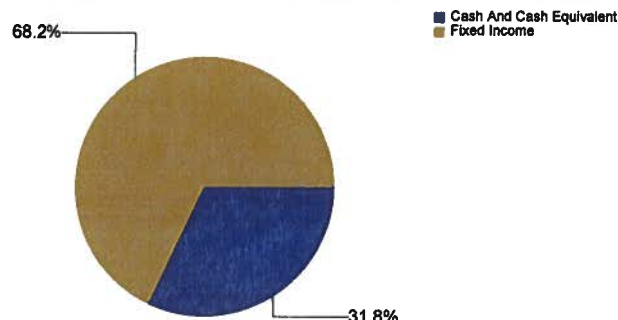
- LGIP WAMs are currently 59 and 87 days for WAM(R) and WAM (F) respectively.
- The LGIP has experienced net subscriptions in September so far, ~ \$18mil.
- Maturities will total \$39.3mil in September.
- For the month of September thus far, the five year US Treasury has been the outstanding performer on the yield curve, declining by 22 basis points to 1.43% from 1.64% at the end of August 2013.
- Shorter maturity yields have also moved lower as 6 month, 1, 2 and 3 year yields declined by 0.5, 2, 7 and 12 basis points respectively.
- The Federal Reserve's expected move, to "taper" their purchases of Treasury and mortgage securities following the September FOMC meeting, did not materialize, thus providing the impetus for interest rate sensitive securities to increase in value.
- The LGIP has purchased \$40mil in Treasuries and Agencies maturing in one year at yields between 0.16% and 0.18%.
- As WAMs recede and maturities occur, the LGIP will invest in securities that are longer dated and attractive vs. overnight collateralized bank deposits, as yields in very short paper, less than six months, have continued to compress.
- LGIP will continue to focus on maximizing safety of principal and providing adequate liquidity through the use of conservative investments.

## Portfolio Characteristics

|  |       |
|--|-------|
| Total Net Assets (Millions)              | 545.9 |
| Weighted Average Life (Years)            | 0.22  |
| Weighted Avg. Effective Duration (Years) | 0.15  |
| Weighted Average Coupon (%)              | 0.36  |
| Weighted Average Current Yield (%)       | 0.09  |
| Weighted Average Yield to Maturity (%)   | 0.09  |
| Weighted Average Rating                  | AA    |
| Number of Holdings                       | 38    |



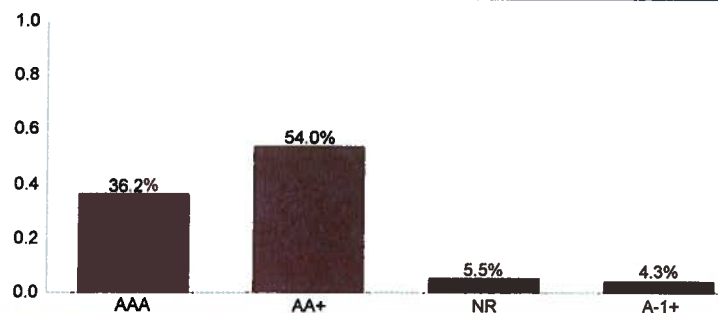
## Asset Mix



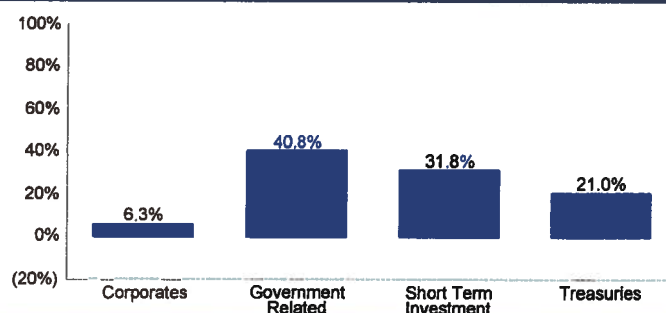
## Top Ten Portfolio Holdings

| Security ID | Security Name                                      | % of Assets | Coupon Rate | Maturity Date |
|-------------|--|-------------|-------------|---------------|
| 00400LC10   | BANK OF THE WEST                                   | 21.72%      | 0.00        | 1/9/2013      |
| 012828RW2   | UNITED STATES TREAS NTS 0.125%31/DEC/2013          | 6.23%       | 0.13        | 31/12/2013    |
| 00400LC36   | US BANK  | 5.51%       | 0.00        | 1/9/2013      |
| 004003C02   | WELLS FARGO CHECKING 0.15% 31/DEC/2049             | 4.16%       | 0.15        | 1/9/2013      |
| 450058C57   | INTERNATIONAL BANK FOR REC & DEV 0.5% 8DS          | 4.05%       | 0.50        | 28/11/2013    |
| 012828RN2   | UNITED STATES TREAS NTS 0.250% 31/OCT/2013         | 3.67%       | 0.25        | 31/10/2013    |
| 012828RS1   | UNITED STATES TREAS NTS 0.25% 30/NOV/2013          | 3.67%       | 0.25        | 30/11/2013    |
| 313379QY8   | FEDERAL HOME LOAN BANKS CONS BD FLT 13 20/DEC/2013 | 3.67%       | 0.16        | 20/12/2013    |
| 012828RK8   | UNITED STATES TREAS NTS 0.125% 30/SEP/2013         | 3.67%       | 0.13        | 30/9/2013     |
| 3133804M6   | FEDERAL HOME LOAN BANKS CONS BD FLT 14 23/JAN/2014 | 3.66%       | 0.08        | 23/1/2014     |

## Quality/Rating Weightings

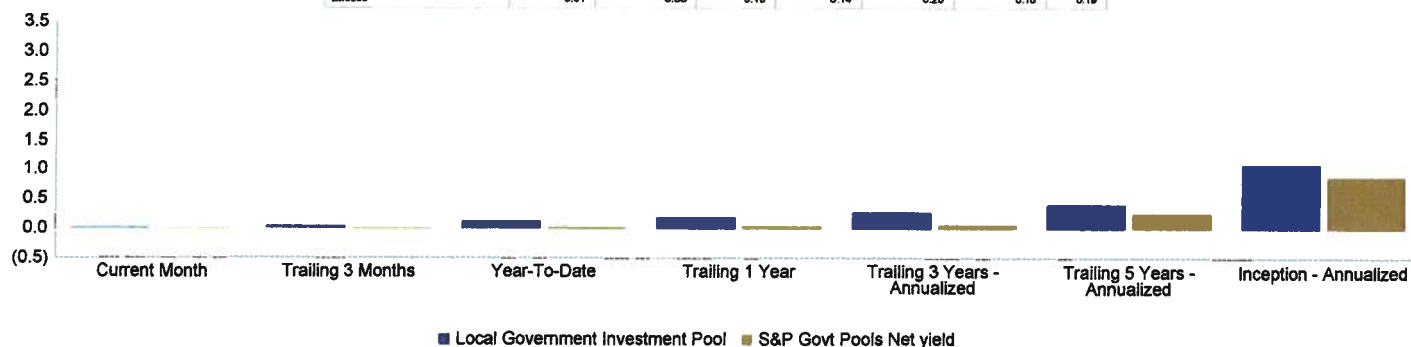


## Sector Weightings (as % of Market Value)



## Return Series

|                                  | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|----------------------------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| Local Government Investment Pool | 0.01          | 0.04              | 0.12         | 0.19            | 0.27             | 0.41             | 1.08      |
| S&P Govt Pools Net yield         | 0.00          | 0.01              | 0.03         | 0.05            | 0.07             | 0.28             | 0.88      |
| Excess                           | 0.01          | 0.03              | 0.10         | 0.14            | 0.20             | 0.18             | 0.19      |



**STATE OF NEW MEXICO**  
**LGIP FUND (4101)**  
**Portfolio Classification Summary**  
**Positions Held as of 8/31/13 (TRADE Basis)**

AMTZ ADDED: NO

| ASSET CLASSIFICATION           | ITEMS | YIELD | AVG-TERM | PRINCIPAL   | COST-BASIS  | MARKET-VALUE | GAIN/LOSS | %MARKET |
|--------------------------------|-------|-------|----------|-------------|-------------|--------------|-----------|---------|
| US TREASURY NOTE ACT/ACT 2X    | 7     | .1497 | .23790   | 114,500,000 | 114,569,758 | 114,591,120  | 21,362    | 21.016  |
| AGENCY US BOND 30/360 2X       | 7     | .1312 | .27061   | 76,495,000  | 76,568,519  | 76,566,763   | -1,756    | 14.042  |
| AGENCY US DISC ACT/360 360 DAY | 5     | .1124 | .31164   | 23,704,000  | 23,695,668  | 23,702,526   | 6,858     | 4.347   |
| AGENCY US NOTES 30/360 2X      | 1     | .1404 | .16440   | 14,870,000  | 14,875,758  | 14,876,692   | 934       | 2.728   |
| AGENCY US VARIABLE ACT/360 4X  | 10    | .1409 | .54414   | 95,720,000  | 95,747,552  | 95,761,313   | 13,761    | 17.562  |
| CORP US NOTE 30/360 2X         | 2     | .1515 | .18573   | 12,340,000  | 12,345,413  | 12,344,507   | -906      | 2.264   |
| MEDIUM-TERM NOTES              | 1     | .1544 | .23840   | 22,235,000  | 22,253,238  | 22,251,899   | -1,339    | 4.081   |
| CORP US DISC ACT/ACT 365 DAY   | 1     | .1854 | .15070   | 11,380,000  | 11,376,879  | 11,377,041   | 162       | 2.087   |
| CASH ACCOUNT                   | 4     | .1942 |          | 173,789,018 | 173,789,018 | 173,789,018  |           | 31.873  |
|                                | 38    | .1588 | .32099   | 545,033,018 | 545,221,803 | 545,260,879  | 39,076    | 100.000 |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
TREASURER'S OFFICE

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 14,340,000   | FEDERAL HOME LOAN BANKS          | 3133X1BV | 4.500 | 9/16/13  | .101  | 100.183237029 | 14,366,276.19  | 14,362,80  |
| 5,000,000    | FEDERAL FARM CREDIT BANKS        | 31331KZJ | .350  | 9/23/13  | .103  | 100.015123200 | 5,000,756.16   | 5,000,75   |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828RK | .125  | 9/30/13  | .195  | 99.994465750  | 19,998,893.15  | 20,000,80  |
| 12,000,000   | FEDERAL HOME LOAN BANKS          | 313380V6 | .220  | 10/01/13 | .107  | 100.001293750 | 12,000,155.25  | 12,000,48  |
| 14,000,000   | FEDERAL HOME LOAN BANKS          | 313382NY | .120  | 10/16/13 | .111  | 100.001344000 | 14,000,188.16  | 14,000,70  |
| 10,155,000   | FEDERAL HOME LOAN BANKS          | 3133XSAE | 3.625 | 10/18/13 | .114  | 100.458412703 | 10,201,551.81  | 10,199,68  |
| 11,380,000   | CORUS CONSTRUCTION VENTURE, LLC  | 22087WAC |       | 10/25/13 | .186  | 99.972574253  | 11,376,878.95  | 11,377,04  |
| 1,340,000    | INTERNATIONAL FINANCE CORPORATIO | 45950VBF | .526  | 10/28/13 | .155  | 100.059032836 | 1,340,791.04   | 1,340,65   |
| 14,870,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACX | .375  | 10/30/13 | .140  | 100.038723739 | 14,875,758.22  | 14,876,69  |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828RN | .250  | 10/31/13 | .211  | 100.006313500 | 20,001,262.70  | 20,006,20  |
| 5,500,000    | UNITED STATES TREASURY NOTES     | 912828JQ | 2.750 | 10/31/13 | .092  | 100.433234546 | 5,523,827.90   | 5,523,21   |
| 11,000,000   | INTER-AMERICAN DEVELOPMENT BANK  | 4581X0BU | .375  | 11/08/13 | .151  | 100.042016636 | 11,004,621.83  | 11,003,85  |
| 10,000,000   | US TREASURY STRIP                | 912833KB |       | 11/15/13 |       | 99.950000000  | 9,995,000.00   | 9,998,60   |
| 22,235,000   | INTERNATIONAL BANK FOR RECONSTRU | 459058CB | .500  | 11/26/13 | .154  | 100.082026220 | 22,253,238.53  | 22,251,89  |
| 2,400,000    | FEDERAL HOME LOAN MORTGAGE CORPO | 313397PT | .120  | 11/26/13 | .122  | 99.971333333  | 2,399,312.00   | 2,399,88   |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828RS | .250  | 11/30/13 | .201  | 100.012105000 | 20,002,421.00  | 20,008,60  |
| 10,000,000   | FEDERAL HOME LOAN BANKS          | 313381HG | .125  | 12/06/13 | .216  | 99.976743400  | 9,997,674.34   | 10,001,20  |
| 8,200,000    | FEDERAL HOME LOAN BANK           | 313379R2 | .250  | 12/13/13 | .122  | 100.010487805 | 8,200,860.00   | 8,202,05   |
| 2,000,000    | FEDERAL HOME LOAN MORTGAGE CORPO | 313397QR | .115  | 12/18/13 | .117  | 99.965500000  | 1,999,310.00   | 1,999,88   |
| 20,000,000   | FEDERAL HOME LOAN BANKS          | 313379QY | .250  | 12/20/13 | .141  | 100.011283600 | 20,002,256.72  | 20,005,40  |
| 3,200,000    | FEDERAL HOME LOAN BANKS          | 313385QT | .105  | 12/20/13 | .106  | 99.967916563  | 3,198,973.33   | 3,199,80   |
| 8,526,000    | FEDERAL HOME LOAN BANKS          | 313385QZ | .110  | 12/26/13 | .112  | 99.964555595  | 8,522,978.01   | 8,525,48   |
| 7,578,000    | FEDERAL HOME LOAN MORTGAGE CORPO | 313397RD | .115  | 12/30/13 | .112  | 99.961666667  | 7,575,095.10   | 7,577,46   |
| 34,000,000   | UNITED STATES TREASURY NOTES     | 912828RW | .125  | 12/31/13 | .116  | 100.003090030 | 34,001,050.61  | 34,006,46  |
| 287,724,000  |                                  |          |       |          | .001  |               | 287,839,131.00 | 287,869,59 |

====> 0024 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2013 <==

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

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STATE OF NEW MEXICO  
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| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK    | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|---------------|------------|
| 20,000,000   | FEDERAL HOME LOAN BANKS          | 3133804M | .273  | 1/23/14  | .100  | 99.994147450  | 19,998,829.49 | 20,002,60  |
| 4,000,000    | FEDERAL HOME LOAN BANKS          | 3133783D | .300  | 2/13/14  | .142  | 100.071965000 | 4,002,878.60  | 4,003,72   |
| 5,000,000    | UNITED STATES TREASURY NOTES     | 912828KJ | 1.750 | 3/31/14  | .116  | 100.946038600 | 5,047,301.93  | 5,047,25   |
| 19,000,000   | FEDERAL HOME LOAN BANKS          | 313383RX | .130  | 4/22/14  | .139  | 99.995754316  | 18,999,193.32 | 18,997,91  |
| 2,700,000    | FEDERAL FARM CREDIT BANKS        | 3133EATL | .250  | 6/11/14  | .165  | 100.066599259 | 2,701,798.18  | 2,702,32   |
| 12,320,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0BQ | .360  | 6/23/14  | .172  | 100.152004708 | 12,338,726.98 | 12,341,56  |
| 12,500,000   | FEDERAL FARM CR BKS              | 3133ECVA | .170  | 7/22/14  | .176  | 99.995367840  | 12,499,420.98 | 12,499,42  |
| 75,520,000   |                                  |          |       |          | .005  |               | 75,588,149.48 | 75,594,78  |

====> 0007 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

|           |                           |          |      |         |      |               |              |          |
|-----------|---------------------------|----------|------|---------|------|---------------|--------------|----------|
| 2,000,000 | FEDERAL FARM CREDIT BANKS | 3133EAYU | .320 | 1/20/15 | .145 | 100.160227500 | 2,003,204.55 | 2,003,48 |
| 4,000,000 | FEDERAL FARM CREDIT BANKS | 3133ECBF | .250 | 1/26/15 | .228 | 100.034116750 | 4,001,364.67 | 4,003,20 |
| 2,000,000 | FEDERAL FARM CREDIT BANKS | 3133ECLM | .230 | 3/16/15 | .202 | 100.046779000 | 2,000,935.58 | 2,000,80 |
| 8,000,000 |                           |          |      |         | .050 |               | 8,005,504.80 | 8,007,48 |

====> 0003 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

|             |  |  |  |  |      |  |                |            |
|-------------|--|--|--|--|------|--|----------------|------------|
| 371,244,000 |  |  |  |  | .001 |  | 371,432,785.28 | 371,471,85 |
|-------------|--|--|--|--|------|--|----------------|------------|

====> 0034 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> LCIP FUND <====

## Securities

## SEC, Reserve Fund Defendants Unable To Reach Settlement, Agency Tells Court



Sept. 16 — The Securities and Exchange Commission told the U.S. District Court for the Southern District of New York that it has not been able to negotiate a settlement with the defendants in an enforcement action involving the **Reserve Primary Fund**, the money market mutual fund that “broke the buck” during the 2008 financial meltdown (*SEC v. Reserve Mgmt. Co., Inc.*, S.D.N.Y., No. 09-cv-04346-PGG, 9/13/13).

In a Sept. 5 letter that was made publicly available Sept. 13, the SEC asked the court to resolve its motion submitted in December for judgment as a matter of law and for a new trial.

The SEC, in a Sept. 9 letter also made public Sept. 13, further asked the court not to approve a preliminary agreement between the Reserve Fund defendants and shareholder plaintiffs to resolve a related class action: *In re Reserve Primary Fund Sec. & Derivative Class Action Litig.*, Docket No. 09-md-2011 (PGG). The SEC told the court that it would be “premature” to approve the settlement because the accord might interfere with the “pursuit of remedies” in the enforcement action.

The defendants and the shareholder plaintiffs have asked the court to schedule a settlement conference. They argued—in letters made public Sept. 13—that they worked together with the SEC for months to present a global resolution to the court, and were surprised to now discover that the commission would not settle with the defendants on any terms.

### Broke the Buck

In fallout from the bankruptcy of Lehman Bros. Holdings Inc., **Reserve Primary Fund**—which was heavily invested in Lehman securities—Sept. 16, 2008, posted a net asset value of less than \$1 per share. It is the second money fund ever to break the buck; the previous instance occurred in 1994.

In May 2009, the SEC charged the fund's investment adviser and distributor—Reserve Management Co. Inc. and Resrv Partners Inc.—with securities fraud. The agency alleged that the defendants and its senior executives misrepresented that RMCI would provide the credit support necessary to protect the fund's \$1 NAV when, in fact, RMCI had no such intention.

In November 2012, a jury found that RMCI and Resrv Partners knowingly or recklessly violated Section 17(a) of the 1933 Securities Act by misrepresenting RMCI's ability and willingness to support the fund's NAV. The jury also found that RMCI vice chairman and president Bruce Bent II negligently violated Section 17(a) through misstatements to the public about his and RMCI's ability to protect the fund's NAV.

However, the jury did not find the defendants liable on a host of other more serious charges, including alleged violations of the SEC's antifraud rule, Rule 10b-5 under the 1934 Securities Exchange Act, and aiding and abetting allegations. Bent's father—RMCI chairman Bruce Bent Sr.—was absolved of all charges.

### Judgment As a Matter of Law

In December, the SEC asked for judgment as a matter of law on the Rule 10b-5 claims. It argued that if the

defendants violated the antifraud provisions of the 1933 Act, then their conduct similarly violated the “identical provisions of the Exchange Act.”

The commission also told the court that if it entered judgment on the Exchange Act against RMCI and Resrv Partners, “the Court should grant a new trial on the secondary liability claims for control person liability against both Bents and for aiding and abetting liability against Bent II that the Jury did not consider.”

In asking for a settlement conference, the defendants' attorney—John Dellaportas, Morgan, Lewis & Bockius LLP, New York—told the court that the class settlement was put on hold in order to include the SEC in a global resolution. The commission's Sept. 5 letter saying that it could not reach a settlement with the defendants came as a surprise, Dellaportas said.

“[H]ad the parties to the class settlement been informed of the Commission's position at the outset, then the proposed class settlement would have been submitted for Court approval many months ago,” Dellaportas said. “Instead, the Fund's shareholders have incurred additional costs and delays because of the Commission's sudden refusal to settle.”

In another letter released Sept. 13, the attorney for court-appointed lead shareholder plaintiff Third Avenue Institutional International Value Fund LP—John Browne, Bernstein Litowitz Berger & Grossmann LLP, New York—also argued that the SEC never raised the concern that the shareholder case would interfere with its claims.

#### **Not Before Commission**

The SEC, for its part, told the court in a Sept. 14 letter that its negotiations with the defendants and the plaintiff shareholders “never reached the point at which a proposal was submitted to the Commission for its consideration.”

“Now that settlement discussions have ended, we reiterate our request that the Court rule on the submitted and pending post-trial motions,” the agency said.

In a Sept. 14 letter, Dellaportas again called on the court to schedule a settlement conference. “At a minimum, the SEC's latest demands and ever-shifting positions reinforce the need for a conference of all interested parties at the Court's earliest availability,” he said.

#### **For More Information**

The SEC's Sept. 5 letter is available at

[http://www.bloomberglaw.com/public/document/Securities\\_and\\_Exchange\\_Commission\\_v\\_Reserve\\_Management\\_Company\\_I](http://www.bloomberglaw.com/public/document/Securities_and_Exchange_Commission_v_Reserve_Management_Company_I).





## 12. Portfolio Summary- Tax-Exempt Bond Proceeds Investment Pool

## **Portfolio Summary – Tax Exempt Bond Proceeds Investment Pool**

### *Summary*

- The Tax Exempt Bond Proceeds Investment Pool closed the month of August at \$490mil vs. \$521mil at the end of July.
- The Pool paid out \$31mil for capital spending in August 2013.

### *Portfolio Mix*

- 98% of the Tax-Exempt BPIP portfolio was invested in fixed income securities and 2% in floating rate notes: 37% in Treasuries, 47% in Agency Securities, 2% in Supranational, 5% in NM municipal securities, 1% in NM bank collateralized CDs and the balance, approximately 8%, held in cash equivalents.
- 53% of the portfolio was invested in securities that mature in one year, 25% in securities that mature from 1-2 years, 22% in securities that mature from 2-4 years and 0% in securities out to 5 years.
- The Tax-Exempt BPIP held positions in 58 securities.
- Weighted Average Life of the Tax Exempt BPIP was 1.36 years. The Weighted Average duration was 1.19 years.
- The maximum security term for the BPIP portfolio is 5 years.

### *Investment Earnings*

- Unrealized losses in the Tax-Exempt BPIP Portfolio were \$(297,184) as of August 31st.
- Monthly Earnings on the portfolio for August were \$145,895.
- Earnings for FY2013 were \$285,465.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

### *Investment Highlights*

- The duration of the Tax-Exempt BPIP at the end of August was slightly longer (1.19 yrs.) vs. July (1.15 yrs.) and shorter than the Benchmark (1.38 yrs.).
- The Tax-Exempt BPIP had maturities of \$8mil in the month of August.
- The Pool invested cash balances in 2 to 6 month maturities when attractive to overnight repo rates while filling liquidity gaps in the upcoming months.
- US Government Agency securities were purchased, \$60.6mil, at yields ranging from 0.07% to 0.13%.
- Overnight repo was extremely low, averaging ~0.06% for the month, but a necessary alternative for providing immediate liquidity.

### *Performance*

- The purchase yield was 0.36% at the end of August, similar to the yield reported for July.
- The Tax-Exempt BPIP returned (0.04)% for the month of August and (0.02)% for the three months ended August 31, 2013, vs. Index returns of (0.06)% and 0.01% respectively. For the trailing 12 mos. the Pool returned 0.12% vs. 0.17% for the benchmark.

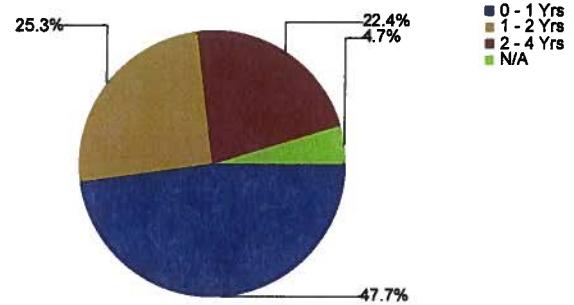
- US Treasury yields were lower for six month maturities by 1.5 basis points, while 1, 2, 3 and 5 year maturities increased in yield by 1, 9, 19 and 26 basis points, respectively.
- Bullet Agency spreads were stable vs. US Treasuries in short maturities, with callable Agencies widening and lengthening as interest rates climbed. Municipals were also wider vs. Treasuries.
- For the month of August, the Pool's shorter overall portfolio duration vs. the Benchmark was the main driver for outperformance.
- Cash flows (debt service payments, capital project withdrawals, bond sale proceeds) have been a key driver of the portfolio's structure and performance for year-to-date 2013.
- The Pool held maturities longer than three years vs. the Benchmark's maximum maturity of three years.
- The Pool held callable Agency structures that the Benchmark is not exposed to.
- The change in the Benchmark for the Tax-Exempt BPIP to all Treasuries (three year maturity maximum) from a Benchmark blend of Treasury and Agency bullet and callable securities (five year maturity maximum) had an impact on the Pool's relative performance year-to-date 2013.

#### *Investment Strategy*

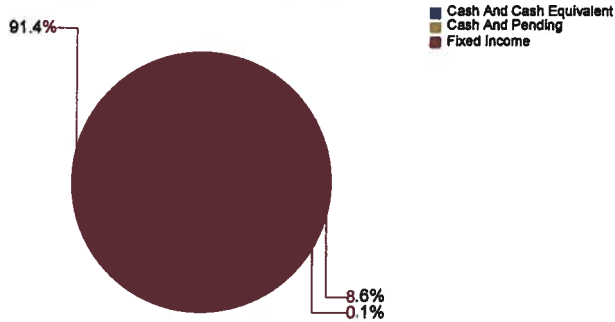
- The option-adjusted duration of the Tax-Exempt BPIP portfolio is currently 1.11 yrs. vs. 1.40 yrs. for the benchmark.
- There are no maturities for the Pool in the month of September.
- Capital project withdrawals will be approximately \$4mil in September, lower than usual.
- As a result of the Pool having no maturities for September, cash was maintained to meet liquidity needs. There have been no transactions executed this month so far.
- The investment priority continues to be maintaining liquidity in a low interest rate environment.
- Overnight repo may not be attractive vs. longer dated maturities, but is a preferred alternative to selling into potentially rising interest rates with the possibility of taking losses.
- The Pool will continue to look for 2 to 6 month maturities at yield advantages to repo and look to add two year maturities as the portfolio duration declines vs. the benchmark with the passage of time.
- The Tax-Exempt BPIP will invest close to the duration of the benchmark. Larger project withdrawals will have the effect of lengthening duration and as they have had a high degree of variability month-to-month, cash flow management has been a key factor during the year and will continue to be so going forward.

## Portfolio Characteristics

|  |       |
|--|-------|
| Total Net Assets (Millions)              | 491.4 |
| Weighted Average Life (Years)            | 1.36  |
| Weighted Avg. Effective Duration (Years) | 1.19  |
| Weighted Average Coupon (%)              | 1.16  |
| Weighted Average Current Yield (%)       | 0.35  |
| Weighted Average Yield to Maturity (%)   | 0.37  |
| Weighted Average Rating                  | AA-   |
| Number of Holdings                       | 58    |



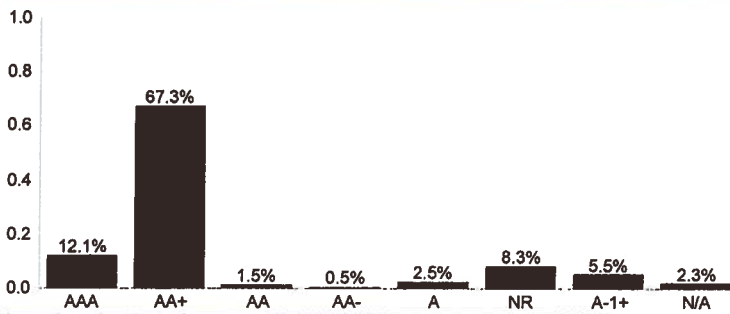
## Asset Mix



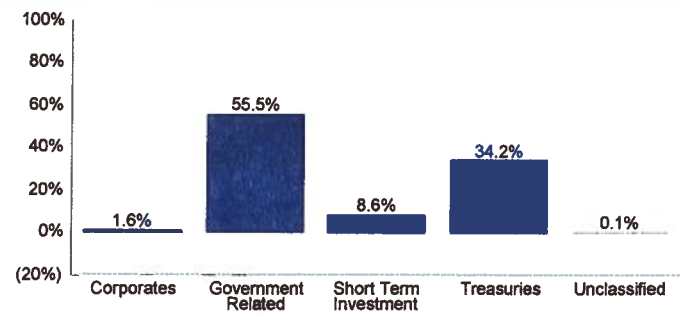
## Top Ten Portfolio Holdings

| Security ID | Security Name                                      | % of Assets | Coupon Rate | Maturity Date |
|-------------|--|-------------|-------------|---------------|
| 802900X00   | LOIP POOL PARTICIPANT                              | 4.60%       | 0.10        |               |
| 3134G3ML0   | FEDERAL HOME LOAN MORTGAGE CORP 0.5% MTG BDS       | 4.27%       | 0.50        | 24/2/2015     |
| 3137EACH7   | FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25/AUG/2016 | 4.21%       | 2.00        | 25/8/2016     |
| 912828PM6   | US 2.12500 '15                                     | 3.16%       | 2.12        | 31/12/2015    |
| 912828LG1   | US 2.37500 '14                                     | 3.16%       | 2.38        | 30/9/2014     |
| 912828LS7   | US 2.57500 '14                                     | 3.16%       | 2.38        | 31/10/2014    |
| 912828KY5   | UNITED STATES TREAS NTS 2.625% 30/JUN/2014         | 3.13%       | 2.62        | 30/6/2014     |
| 912828KF6   | UNITED STATES OF AMER TREAS NOTES 1.875% TB        | 3.06%       | 1.88        | 28/2/2014     |
| 912828R88   | UNITED STATES TREAS NTS 0.5% 15/AUG/2014           | 3.07%       | 0.50        | 15/8/2014     |
| 912828SR2   | UNITED STATES TREAS NTS 0.25% 30/APR/2014          | 3.06%       | 0.25        | 30/4/2014     |

## Quality/Rating Weightings

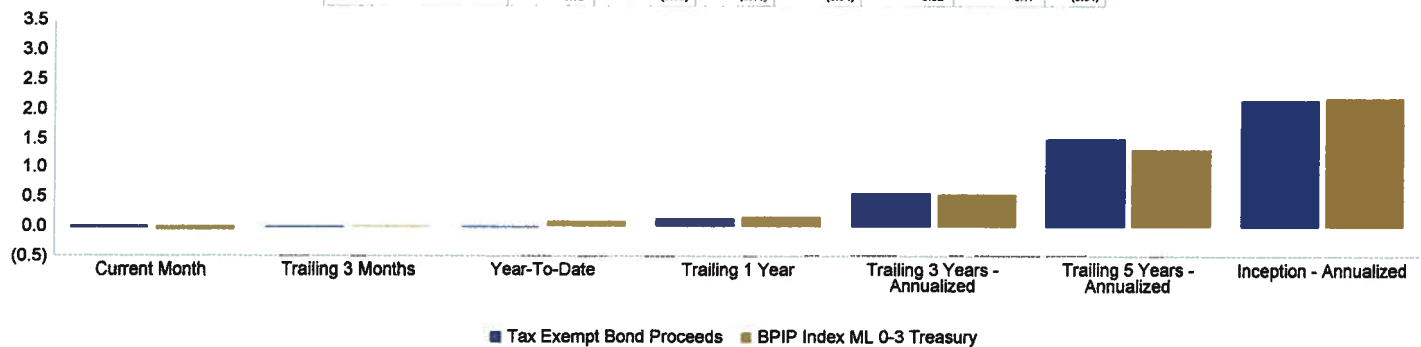


## Sector Weightings (as % of Market Value)



## Returns Series

|                            | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years - Annualized | Trailing 5 Years - Annualized | Inception |
|----------------------------|---------------|-------------------|--------------|-----------------|-------------------------------|-------------------------------|-----------|
| Tax Exempt Bond Proceeds   | (0.04)        | (0.02)            | (0.02)       | 0.12            | 0.57                          | 1.48                          | 2.14      |
| BPIP Index ML 0-3 Treasury | (0.06)        | 0.01              | 0.09         | 0.17            | 0.55                          | 1.31                          | 2.18      |
| Excess                     | 0.02          | (0.03)            | (0.11)       | (0.04)          | 0.02                          | 0.17                          | (0.04)    |



**STATE OF NEW MEXICO**  
**BOND PROCEEDS INV POOL1 TAX EX (4000)**  
Portfolio Classification Summary  
Positions Held as of 8/31/13 (TRADE Basis)

AMTZ ADDED: NO

| ASSET CLASSIFICATION            | ITEMS | YIELD | AVG-TERM | PRINCIPAL   | COST-BASIS  | MARKET-VALUE | GAIN/LOSS | %MARKET |
|---------------------------------|-------|-------|----------|-------------|-------------|--------------|-----------|---------|
| REPURCHASE AGREEMENTS (O/N)     | 1     | .0811 | .00820   | 16,095,771  | 16,095,771  | 16,095,771   |           | 3.284   |
| CERTIFICATES OF DEPOSIT         | 2     | .6000 | .84930   | 3,000,000   | 3,000,000   | 3,000,000    |           | .612    |
| U.S. TREASURY BONDS             | 1     | .2045 | 1.24930  | 10,000,000  | 10,238,833  | 10,238,300   | -533      | 2.089   |
| US TREASURY NOTE ACT/ACT 2X     | 12    | .3062 | 1.37339  | 155,000,000 | 157,555,074 | 157,370,900  | -184,174  | 32.112  |
| US TREASURY (STRIP/ZERO) 30/360 | 3     | .3740 | 1.68826  | 16,034,000  | 15,914,229  | 15,834,104   | -80,125   | 3.231   |
| AGENCY US BOND 30/360 2X        | 3     | .2362 | 1.12369  | 27,008,000  | 27,009,827  | 26,983,398   | -26,429   | 5.506   |
| AGENCY US DISC ACT/360 360 DAY  | 3     | .0846 | .18824   | 42,000,000  | 41,991,091  | 41,998,500   | 7,409     | 8.570   |
| AGENCY US NOTES 30/360 2X       | 13    | .5161 | 1.09856  | 132,921,000 | 133,628,947 | 133,595,420  | -33,527   | 27.261  |
| FED NATL MORTGAGE ASSN DEBS     | 4     | .9929 | 1.47614  | 28,495,000  | 28,801,810  | 28,828,305   | 26,495    | 5.883   |
| AGENCY US VARIABLE ACT/360 4X   | 1     | .2155 | .71780   | 7,934,000   | 7,962,395   | 7,960,896    | -1,499    | 1.624   |
| MUNI US 30/360 2X               | 12    | .4417 | 1.13525  | 23,160,000  | 23,827,381  | 23,824,253   | -3,128    | 4.861   |
| MUNICIPAL BOND REVENUE          | 2     | .4119 | 1.48558  | 1,300,000   | 1,327,595   | 1,325,922    | -1,673    | .271    |
| UNITS - INVESTMENT POOL 1       | 1     |       |          | 23,012,283  | 23,012,283  | 23,012,283   |           | 4.696   |
|                                 | 58    | .3664 | 1.11325  | 485,960,054 | 490,365,236 | 490,068,052  | -297,184  | 100.000 |

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AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

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POSITION-SIZ      DESCRIPTION      CUSIP#    RATE    MATURITY YIELD    UNIT-BOOK    CURRENT BK    LOC-MKT-VA
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  23,012,283 UNITS - INVESTMENT POOL 1    UNITS001
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  23,012,283                                     .018
                                     23,012,283.47  23,012,28
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16,095,771 OVERNIGHT REPO                0903RP      .080  9/03/13   .081  100.000001553  16,095,771.25  16,095,77
15,000,000 FEDERAL NATIONAL MORTGAGE ASSO 313589NA      .073  10/16/13   .073  99.987800000  14,998,170.00  14,999,70
  2,584,000 FEDERAL HOME LOAN MORTGAGE COR 3137EACL      .875  10/28/13   .082  100.125628870  2,587,246.25  2,587,12
15,000,000 FEDERAL HOME LOAN BANKS        313385PG      .081  11/15/13   .081  99.979777800  14,996,966.67  14,999,40
  2,008,000 FEDERAL HOME LOAN MORTGAGE COR 3134A4UK      4.875 11/15/13   .083  100.984835159  2,027,775.49  2,027,49
12,000,000 FEDERAL AGRICULTURAL MORTGAGE CO 31315LPU      .103  11/27/13   .103  99.966283333  11,995,954.00  11,999,40
-----
  62,687,771                                     .006
                                     62,701,883.66  62,708,89
=====
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====> 0006 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

```
11,997,000 FEDERAL NATIONAL MORTGAGE ASSO 31359MTP      5.125 1/02/14   .208  101.651935817  12,195,182.74  12,195,55
  6,000,000 FEDERAL HOME LOAN BANKS        313383M2      .100  1/06/14   .103  99.999209667   5,999,952.58  6,000,42
15,000,000 FEDERAL HOME LOAN BANKS        313383W4      .100  2/14/14   .110  99.996208133  14,999,431.22  15,000,60
15,000,000 UNITED STATES TREASURY NOTES    912828KF      1.875 2/28/14   .986  100.439973000  15,065,995.95  15,132,45
  5,000,000 FEDERAL HOME LOAN MORTGAGE COR 3134G3NS      .300  3/21/14   .133  100.093646200   5,004,682.31  5,005,85
15,000,000 UNITED STATES TREASURY NOTES    912828SR      .250  4/30/14   .122  100.084502067  15,012,675.31  15,014,10
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AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                     | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|---------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 400,000      | TORRANCE ETC CNTYS N MEX MUN S  | 891400NA | 1.000 | 5/15/14  | .356  | 100.457037500 | 401,828.15     | 401,96     |
| 1,190,000    | RIO RANCHO N MEX WTR & WASTEW   | 767175GD | 2.000 | 5/15/14  | .254  | 101.231989916 | 1,204,660.68   | 1,204,26   |
| 10,000,000   | UNITED STATES TREASURY NOTES    | 912828QM | 1.000 | 5/15/14  | .128  | 100.613197800 | 10,061,319.78  | 10,061,70  |
| 7,934,000    | INTER-AMERICAN DEVELOPMENT BANK | 45818WAE | .739  | 5/20/14  | .216  | 100.357886312 | 7,962,394.70   | 7,960,89   |
| 15,000,000   | UNITED STATES TREASURY NOTES    | 912828KY | 2.625 | 6/30/14  | .137  | 102.059869667 | 15,308,980.45  | 15,306,45  |
| 6,485,000    | NEW MEXICO ST SEVERANCE TAX     | 647310P4 | 4.000 | 7/01/14  | .406  | 102.991292676 | 6,678,985.33   | 6,687,91   |
| 4,780,000    | NEW MEXICO ST SEVERANCE TAX     | 647310N4 | 4.000 | 7/01/14  | .406  | 102.991292678 | 4,922,983.79   | 4,922,30   |
| 2,000,000    | FARMERS & STOCKMENS BANK        | 8521444  | .600  | 7/07/14  | .600  | 100.000000000 | 2,000,000.00   | 2,000,00   |
| 1,000,000    | FARMERS & STOCKMENS BANK        | 8521448  | .600  | 7/07/14  | .600  | 100.000000000 | 1,000,000.00   | 1,000,00   |
| 500,000      | ALBUQUERQUE N MEX MUN SCH DIST  | 013595RR | 2.000 | 8/01/14  | .466  | 101.406612000 | 507,033.06     | 507,69     |
| 5,570,000    | ALBUQUERQUE N MEX MUN SCH DIST  | 013595RE | 3.000 | 8/01/14  | .456  | 102.329426930 | 5,699,749.08   | 5,711,14   |
| 270,000      | CLOUDCROFT N MEX MUN SCH DIST   | 189134ET | 2.000 | 8/01/14  | .406  | 101.461929630 | 273,947.21     | 273,78     |
| 420,000      | ALBUQUERQUE N MEX MUN SCH DIST  | 013595QT | 4.000 | 8/01/14  | .406  | 103.290026191 | 433,818.11     | 434,46     |
| 15,000,000   | UNITED STATES TREASURY NOTES    | 912828RB | .500  | 8/15/14  | .160  | 100.324006867 | 15,048,601.03  | 15,048,60  |
| 15,000,000   | UNITED STATES TREASURY NOTES    | 912828LQ | 2.375 | 9/30/14  | .176  | 102.369943667 | 15,355,491.55  | 15,353,85  |
| 15,000,000   | UNITED STATES TREASURY NOTES    | 912828LS | 2.375 | 10/31/14 | .190  | 102.536768200 | 15,380,515.23  | 15,379,05  |
| 10,000,000   | UNITED STATES TREASURY NOTES    | 912828LZ | 2.125 | 11/30/14 | .205  | 102.388323200 | 10,238,832.32  | 10,238,30  |
| 10,000,000   | FEDERAL HOME LOAN MORTGAGE CORP | 3134G3Y6 | .375  | 12/10/14 | .380  | 100.000000000 | 10,000,000.00  | 10,004,90  |
| 188,546,000  |                                 |          |       |          | .002  |               | 190,757,060.58 | 190,846,25 |

====> 0024 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====

|            |                                  |          |      |         |      |               |               |           |
|------------|----------------------------------|----------|------|---------|------|---------------|---------------|-----------|
| 20,940,000 | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3NL | .500 | 2/24/15 | .253 | 100.119947899 | 20,965,117.09 | 20,961,14 |
| 10,000,000 | UNITED STATES TREASURY NOTES     | 912828UT | .250 | 3/31/15 | .207 | 100.067563700 | 10,006,756.37 | 9,993,40  |

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BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 7,306,000    | FINANCING-FED BK ENTY CPN STRP   | 31771JLV |       | 4/06/15  | .363  | 99.308000000  | 7,255,442.48   | 7,222,27   |
| 6,400,000    | FEDERAL AGRICULTURAL MORTGAGE CO | 31315PWM | .270  | 4/17/15  | .292  | 99.970957656  | 6,398,141.29   | 6,389,82   |
| 5,888,000    | FINANCING CORP CPN FICO STRIPS   | 31771CSS |       | 6/06/15  | .383  | 99.207000000  | 5,841,308.16   | 5,809,63   |
| 2,840,000    | FINANCING CORP CPN FICO STRIPS   | 31771DKR |       | 6/06/15  | .383  | 99.207000000  | 2,817,478.80   | 2,802,19   |
| 900,000      | ALBUQUERQUE NM GROSS RECPTS.TAX  | 01354PDX | 2.000 | 7/01/15  | .436  | 102.862952222 | 925,766.57     | 923,95     |
| 550,000      | ALBUQUERQUE N MEX MUN SCH DIST   | 013595RS | 2.000 | 8/01/15  | .598  | 102.682576364 | 564,754.17     | 565,10     |
| 550,000      | CLOUDCROFT N MEX MUN SCH DIST    | 189134EU | 2.000 | 8/01/15  | .497  | 102.876445455 | 565,820.45     | 563,75     |
| 15,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3ZA | .500  | 8/28/15  | .450  | 100.110267800 | 15,016,540.17  | 15,012,45  |
| 10,000,000   | UNITED STATES TREASURY NOTES     | 912828TP | .250  | 9/15/15  | .278  | 99.943254500  | 9,994,325.45   | 9,968,00   |
| 10,000,000   | FEDERAL NATIONAL MORTGAGE ASSOCI | 31398A4M | 1.625 | 10/26/15 | .318  | 102.809504400 | 10,280,950.44  | 10,236,60  |
| 10,000,000   | FNMA                             | 3135G0SB | .375  | 12/21/15 | .457  | 99.826199800  | 9,982,619.98   | 9,955,30   |
| 10,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G32F | .520  | 12/28/15 | .526  | 100.000000000 | 10,000,000.00  | 9,960,50   |
| 10,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3FA | 1.100 | 12/30/15 | 1.115 | 100.000000000 | 10,000,000.00  | 10,023,40  |
| 15,000,000   | UNITED STATES TREAS NTS          | 912828PM | 2.125 | 12/31/15 | .433  | 103.914929133 | 15,587,239.37  | 15,562,50  |
| -----        |                                  |          |       |          | ----- |               |                |            |
| 135,374,000  |                                  |          |       |          | .003  |               | 136,202,260.79 | 135,950,04 |

====> 0016 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

|            |                                  |          |       |         |       |               |               |           |
|------------|----------------------------------|----------|-------|---------|-------|---------------|---------------|-----------|
| 10,000,000 | UNITED STATES TREASURY NOTES     | 912828KS | 2.625 | 2/29/16 | .395  | 105.537185800 | 10,553,718.58 | 10,509,40 |
| 400,000    | TORRANCE ETC CNTYS N MEX MUN S   | 891400NC | 1.000 | 5/15/16 | .560  | 101.201697500 | 404,806.79    | 402,59    |
| 1,220,000  | RIO RANCHO N MEX WTR & WASTEW    | 767175GF | 3.000 | 5/15/16 | .558  | 106.569776230 | 1,300,151.27  | 1,290,86  |
| 1,225,000  | SANTA FE N MEX GROSS RCPTS TAX   | 802072RG | 2.000 | 6/01/16 | .639  | 103.728339592 | 1,270,672.16  | 1,260,35  |
| 20,000,000 | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACW | 2.000 | 8/25/16 | 1.160 | 102.502875300 | 20,500,575.06 | 20,649,00 |
| 10,000,000 | FEDERAL NATIONAL MORTGAGE ASSOCI | 3135G0VF | .750  | 9/13/16 | .265  | 100.016265100 | 10,001,626.51 | 9,921,20  |



SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ | DESCRIPTION                  | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK    | LOC-MKT-VA |
|--------------|------------------------------|----------|-------|----------|-------|---------------|---------------|------------|
| 10,000,000   | UNITED STATES TREASURY NOTES | 912828RM | 1.000 | 10/31/16 | .428  | 101.794554000 | 10,179,455.40 | 10,041,40  |
| 5,000,000    | FEDERAL NATL MTG ASSN DEBS   | 3135G0ES | 1.375 | 11/15/16 | 1.227 | 100.517189600 | 5,025,859.48  | 5,055,95   |
| 10,000,000   | FED NATL MORTGAGE ASSN DEBS  | 3136FTUZ | 1.400 | 12/30/16 | 1.419 | 100.000000000 | 10,000,000.00 | 10,030,20  |
| 3,495,000    | FED NATL MORTGAGE ASSN DEBS  | 3136FTUZ | 1.400 | 12/30/16 | 1.419 | 100.000000000 | 3,495,000.00  | 3,505,55   |
| 71,340,000   |                              |          |       |          | .006  |               | 72,731,865.25 | 72,666,52  |

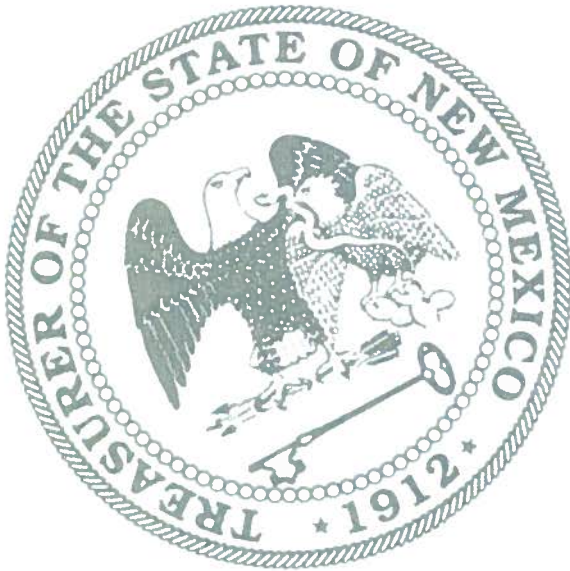
==> 0010 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2016 <==

|           |                                  |          |      |         |      |              |              |          |
|-----------|----------------------------------|----------|------|---------|------|--------------|--------------|----------|
| 5,000,000 | FEDERAL AGRICULTURAL MORTGAGE CO | 31315PZT | .650 | 7/10/17 | .874 | 99.197677800 | 4,959,883.89 | 4,884,05 |
| 5,000,000 |                                  |          |      |         | .081 |              | 4,959,883.89 | 4,884,05 |

==> 0001 ITEMS IN SUBTOTAL FOR ==> FINAL-MATURITY.. ==> 2017 <==

|             |  |  |  |  |      |  |                |            |
|-------------|--|--|--|--|------|--|----------------|------------|
| 485,960,054 |  |  |  |  | .001 |  | 490,365,237.64 | 490,068,05 |
|-------------|--|--|--|--|------|--|----------------|------------|

==> 0058 ITEMS IN SUBTOTAL FOR ==> FUND-NAME..... ==> BOND PROCEEDS INV POOL1 TAX EX <



### 13. Portfolio Summary- Taxable Bond Proceeds Investment Pool

## **Portfolio Summary – Taxable Bond Proceeds Investment Pool**

### *Summary*

- The Taxable Bond Proceeds Investment Pool closed the month of August at \$699mil vs. \$704mil at the end of July 2013.
- The Pool paid out approximately \$5mil for capital spending in August 2013.

### *Portfolio Mix*

- 99% of the Taxable BPIP portfolio was invested in fixed income securities and 1% in floating rate securities; 41% in US Treasuries, 45% in Agency securities, 1% in Supranational, 3% in NM municipal securities and the balance, approximately 10%, was held in cash equivalents and collateralized NM bank CDs.
- 46% of the portfolio was invested in securities that mature in one year, 33% in securities that mature from 1-2 years, 21% in securities that mature from 2-4 years and 0% in securities out to 5 years.
- The Taxable BPIP held positions in 74 securities.
- Weighted Average Life of the Taxable BPIP was 1.36 years. The Weighted Average duration was 1.25 years.
- The maximum security term for the BPIP portfolio is 5 years.

### *Investment Earnings*

- The unrealized gains in the Taxable BPIP Portfolio were \$357,095 as of August 31<sup>st</sup>.
- Monthly earnings on the portfolio for August were \$321,291.
- For fiscal year 2013, the fund has earned \$652,804.
- Earnings on the Bond Proceeds Investment Pool are used to offset capital and debt service spending.

### *Investment Highlights*

- The duration of the Taxable BPIP at the end of August was 1.25 yrs. vs. 1.30 yrs. for month end July, and was shorter than the Benchmark (1.38 yrs.).
- Maturities totaled \$52.02mil in the month of August 2013.
- The Pool invested cash balances in 2 to 6 month maturities when attractive to overnight repo rates while filling liquidity gaps in the upcoming months.
- The Taxable BPIP purchased \$29.05mil short Agency securities at yields between 0.07% and 0.10% in order to reduce exposure to very low repo rates.

### *Performance*

- Purchase Yield at the end of August was 0.52%, lower than 0.56% reported for July.
- The Taxable BPIP returned (0.05)% for the month of August and (0.06)% for the three months ended August 31, 2013 vs. Index returns of (0.06)% and 0.01% respectively. For the trailing 12 mos. the Pool returned 0.12% vs. 0.17% for the Benchmark.
- US Treasury yields were lower for six month maturities by 1.5 basis points, while 1, 2, 3 and 5 year maturities increased in yield by 1, 9, 19 and 26 basis points, respectively.

- Bullet Agency spreads were stable vs. US Treasuries in short maturities, with callable Agencies widening and lengthening as interest rates climbed. Municipals were also wider vs. Treasuries.
- For the month of August, the Pool's shorter overall portfolio duration vs. the Benchmark was the main driver for outperformance.
- Cash flows (debt service payments, capital project withdrawals, bond sale proceeds) have been a key driver of the portfolio's structure and performance for year-to-date 2013.
- The Pool held maturities longer than three years vs. the Benchmark's maximum maturity of three years.
- The Pool held callable Agency structures that the Benchmark is not exposed to.
- The change in the Benchmark for the Taxable BPIP to all Treasuries (three year maturity maximum) from a Benchmark blend of Treasury and Agency bullet and callable securities (five year maturity maximum) had an impact on the Pool's relative performance year-to-date 2013.

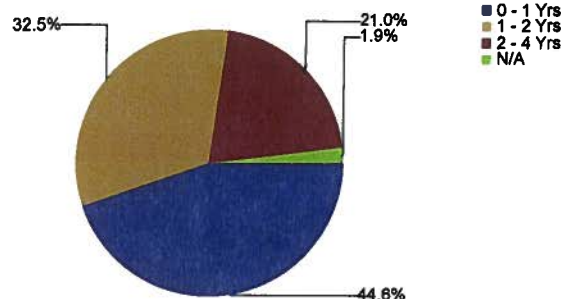
#### *Investment Strategy*

- The option adjusted duration of the portfolio is currently 1.19 yrs. vs. 1.40 yrs. for the Benchmark.
- The Pool has \$20.54mil in maturities scheduled for September.
- Capital project withdrawals will total \$5.3mil in September.
- The Taxable BPIP has purchased \$1.3mil Agency securities to July 2014 at 0.155% and \$0.725mil of NM municipal securities maturing in August 2014 at 0.50%.
- The investment priority continues to be maintaining liquidity in a low interest rate environment.
- Overnight repo may not be attractive vs. longer dated maturities, but is a preferred alternative to selling into potentially rising interest rates with the possibility of taking losses.
- The Pool will continue to look for 2 to 6 month maturities at yield advantages to repo and look to add two year maturities as the portfolio duration declines vs. the benchmark with the passage of time.
- The Taxable BPIP will invest close to the duration of the benchmark. Larger project withdrawals will have the effect of lengthening duration and as they have had a high degree of variability month-to-month, cash flow management has been a key factor during the year and will continue to be so going forward.

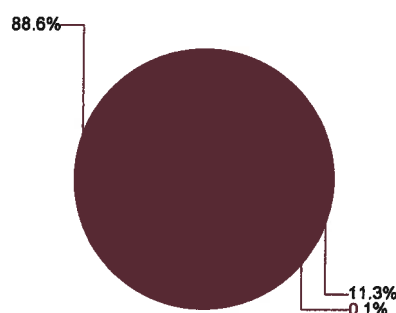
## Portfolio Characteristics

Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Coupon (%)  
Weighted Average Current Yield (%)  
Weighted Average Yield to Maturity (%)  
Weighted Average Rating  
Number of Holdings

701.1  
1.36  
1.25  
1.44  
0.37  
0.38  
AA-  
67



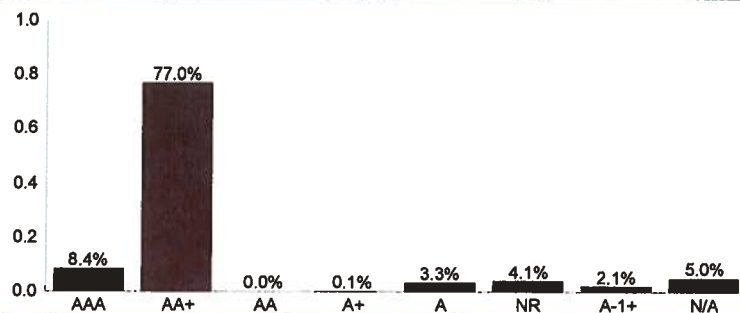
## Asset Mix



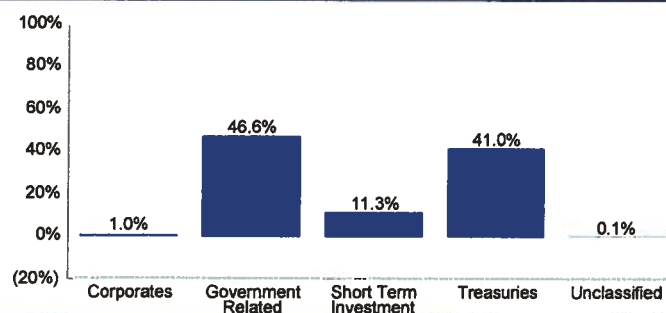
## Top Ten Portfolio Holdings

| Security ID | Security Name                                     | % of Assets | Coupon Rate | Maturity Date |
|-------------|---|-------------|-------------|---------------|
| 99DD00023   | REPO BANK OF NEW YORK/SOUTH STREET SECS 083013L   | 5.80%       | 0.08        | 3/9/2013      |
| 912828KF6   | UNITED STATES OF AMER TREAS NOTES 1.875% TB       | 5.78%       | 1.88        | 28/2/2014     |
| 3137EACW7   | FEDERAL HOME LOAN MORTGAGE CORP 2% B08 25AUG/2018 | 3.68%       | 2.00        | 25/8/2018     |
| 31359MTF6   | FED NATL MTG ASSN 5.12% 02/JAN/2014               | 3.32%       | 5.13        | 2/1/2014      |
| 912828CV9   | US 4.12500 '15                                    | 3.07%       | 4.12        | 15/8/2015     |
| 912828MH7   | US 2.50000 '15                                    | 2.98%       | 2.50        | 31/3/2015     |
| 912828MZ0   | US 2.50000 '15                                    | 2.98%       | 2.50        | 30/4/2015     |
| 912828L67   | US 2.37500 '14                                    | 2.95%       | 2.38        | 31/10/2014    |
| 912828NL0   | US 1.87500 '15                                    | 2.94%       | 1.88        | 30/8/2015     |
| 31388A4M1   | FED NATL MORT ASSC 1.625% B0S 26/OCT/2015 USD1000 | 2.94%       | 1.62        | 26/10/2015    |

## Quality/Rating Weightings

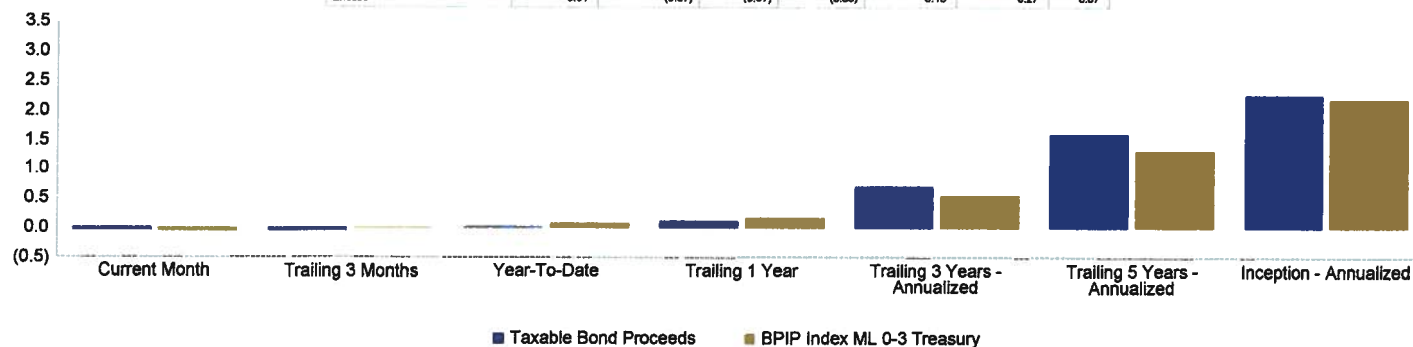


## Sector Weightings (as % of Market Value)



## Returns Series

|                            | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|----------------------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| Taxable Bond Proceeds      | (0.05)        | (0.08)            | 0.02         | 0.12            | 0.70             | 1.58             | 2.28      |
| BPIP Index ML 0-3 Treasury | (0.06)        | 0.01              | 0.09         | 0.17            | 0.65             | 1.31             | 2.18      |
| Excess                     | 0.01          | (0.07)            | (0.07)       | (0.05)          | 0.15             | 0.27             | 0.07      |



**STATE OF NEW MEXICO**  
**BOND PROCEEDS INV POOL TAXABL (400)**  
Portfolio Classification Summary  
Positions Held as of 8/31/13 (TRADE Basis)

AMTZ ADDED: NO

| ASSET CLASSIFICATION           | ITEMS | YIELD | AVG-TERM | PRINCIPAL   | COST-BASIS  | MARKET-VALUE | GAIN/LOSS | %MARKET |
|--------------------------------|-------|-------|----------|-------------|-------------|--------------|-----------|---------|
| REPURCHASE AGREEMENTS (O/N)    | 1     | .0811 | .00820   | 48,382,268  | 48,382,268  | 48,382,268   |           | 6.924   |
| CERTIFICATES OF DEPOSIT        | 4     | .4275 | .60639   | 14,200,000  | 14,200,000  | 14,200,000   |           | 2.032   |
| LINKED-CERTIFICATE OF DEPOSIT  | 2     | .5000 | .37530   | 4,000,000   | 4,000,000   | 4,000,000    |           | .572    |
| US TREASURY NOTE ACT/ACT 2X    | 17    | .4843 | 1.29916  | 280,000,000 | 285,724,697 | 286,076,750  | 352,053   | 40.938  |
| AGENCY US BOND 30/360 2X       | 6     | .4708 | 2.18216  | 66,750,000  | 66,840,375  | 66,453,603   | -386,772  | 9.510   |
| AGENCY US DISC ACT/360 360 DAY | 2     | .0768 | .17372   | 17,300,000  | 17,296,988  | 17,299,148   | 2,160     | 2.476   |
| AGENCY US NOTES 30/360 2X      | 11    | .6687 | 1.21122  | 173,510,000 | 174,452,461 | 174,597,483  | 145,022   | 24.985  |
| FED NATL MORTGAGE ASSN DEBS    | 4     | .9666 | 1.05281  | 55,000,000  | 55,378,312  | 55,629,700   | 251,388   | 7.961   |
| AGENCY US VARIABLE ACT/360 4X  | 1     | .2155 | .71780   | 7,000,000   | 7,025,052   | 7,023,730    | -1,322    | 1.005   |
| MUNI US 30/360 2X              | 18    | .4392 | 1.10095  | 22,920,000  | 23,298,486  | 23,293,052   | -5,434    | 3.333   |
| MUNICIPAL BOND REVENUE         | 1     | .3552 | .00270   | 540,000     | 540,000     | 540,000      |           | .077    |
| UNITS - INVESTMENT POOL 1      | 1     |       |          | 1,307,672   | 1,307,672   | 1,307,672    |           | .187    |
|                                | 68    | .5230 | 1.19092  | 690,909,940 | 698,446,311 | 698,803,406  | 357,095   | 100.000 |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
T R E A S U R E R ' S   O F F I C E

| POSITION-SIZ                        | DESCRIPTION | CUSIP#   | RATE | MATURITY | YIELD | UNIT-BOOK   | CURRENT BK   | LOC-MKT-VA |
|-------------------------------------|-------------|----------|------|----------|-------|-------------|--------------|------------|
| 1,307,672 UNITS - INVESTMENT POOL 1 |             | UNITS001 |      |          |       | 1.000000352 | 1,307,672.46 | 1,307,67   |
| 1,307,672                           |             |          |      |          | .309  |             | 1,307,672.46 | 1,307,67   |

====> 0001 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> NO-MEANINGFUL-DATE <====

|             |                                  |          |       |          |      |               |                |            |
|-------------|----------------------------------|----------|-------|----------|------|---------------|----------------|------------|
| 540,000     | ESPANOLA N MEX PUB SCH DIST NO   | 29662RAQ | 2.000 | 9/01/13  | .355 | 100.000000000 | 540,000.00     | 540,00     |
| 48,382,268  | OVERNIGHT REPO                   | 0903RP   | .080  | 9/03/13  | .081 | 100.000000848 | 48,382,268.41  | 48,382,26  |
| 20,000,000  | FEDERAL NATIONAL MORTGAGE ASSOCI | 31398A2S | 1.000 | 9/23/13  | .572 | 100.026490850 | 20,005,298.17  | 20,010,00  |
| 5,000,000   | FEDERAL FARM CREDIT BANKS        | 31331GCS | 3.875 | 10/07/13 | .101 | 100.377307200 | 5,018,865.36   | 5,017,90   |
| 5,000,000   | UNITED STATES TREASURY NOTES     | 912828PB | .500  | 10/15/13 | .575 | 99.990915400  | 4,999,545.77   | 5,002,55   |
| 15,000,000  | FEDERAL NATIONAL MORTGAGE ASSOCI | 313589NA |       | 10/16/13 | .073 | 99.987800000  | 14,998,170.00  | 14,999,70  |
| 8,250,000   | FEDERAL HOME LOAN BANKS          | 3133762C | .375  | 11/27/13 | .083 | 100.070041091 | 8,255,778.39   | 8,255,69   |
| 8,000,000   | CENTURY BANK SANTA FE            | 17099241 | .400  | 12/30/13 | .400 | 100.000000000 | 8,000,000.00   | 8,000,00   |
| 110,172,268 |                                  |          |       |          | .004 |               | 110,199,926.10 | 110,208,11 |

====> 0008 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2013 <====

|            |                                  |          |       |         |      |               |               |           |
|------------|----------------------------------|----------|-------|---------|------|---------------|---------------|-----------|
| 14,260,000 | FEDERAL NATIONAL MORTGAGE ASSOCI | 31359MTP | 5.125 | 1/02/14 | .828 | 101.441836606 | 14,465,605.90 | 14,496,00 |
| 8,450,000  | FEDERAL NATIONAL MORTGAGE ASSOCI | 31359MTP | 5.125 | 1/02/14 | .854 | 101.433291243 | 8,571,113.11  | 8,589,84  |
| 2,000,000  | WESTERN COMMERCE BANK            | 2012477  | .500  | 1/15/14 | .500 | 100.000000000 | 2,000,000.00  | 2,000,00  |
| 2,000,000  | WESTERN COMMERCE BANK            | 2012634  | .500  | 1/15/14 | .500 | 100.000000000 | 2,000,000.00  | 2,000,00  |

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

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STATE OF NEW MEXICO  
TREASURER'S OFFICE

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 2,300,000    | FEDERAL HOME LOAN MORTGAGE CORPO | 313397TM |       | 2/24/14  | .101  | 99.948610870  | 2,298,818.05   | 2,299,44   |
| 20,000,000   | FED NATIONAL MTG ASSN DEB        | 3135GOAP | 1.250 | 2/27/14  | .725  | 100.260361150 | 20,052,072.23  | 20,111,20  |
| 3,500,000    | FEDERAL FARM CREDIT BANKS        | 31331KAH | 1.125 | 2/27/14  | .103  | 100.499704000 | 3,517,489.64   | 3,517,36   |
| 40,000,000   | UNITED STATES TREASURY NOTES     | 912828KF | 1.875 | 2/28/14  | 1.007 | 100.429337800 | 40,171,735.12  | 40,353,20  |
| 10,000,000   | UNITED STATES TREASURY NOTES     | 912828KN | 1.875 | 4/30/14  | 1.298 | 100.379346000 | 10,037,934.60  | 10,116,00  |
| 200,000      | SANTA ROSA N MEX CONS SCH DIST   | 802751DL | 1.000 | 5/15/14  | .507  | 100.351515000 | 200,703.03     | 200,77     |
| 7,000,000    | INTER-AMERICAN DEVELOPMENT BANK  | 45818WAE | .739  | 5/20/14  | .216  | 100.357886286 | 7,025,052.04   | 7,023,73   |
| 10,000,000   | UNITED STATES TREASURY NOTES     | 912828KV | 2.250 | 5/31/14  | 1.346 | 100.667474500 | 10,066,747.45  | 10,157,00  |
| 1,325,000    | CLOVIS N MEX GROSS RCPTS TAX R   | 189387CV | 2.000 | 6/01/14  | .659  | 101.007778113 | 1,338,353.06   | 1,339,44   |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828KY | 2.625 | 6/30/14  | .189  | 102.016160350 | 20,403,232.07  | 20,408,60  |
| 350,000      | SANTA FE CNTY N MEX              | 801889MX | 2.000 | 7/01/14  | .304  | 101.413597143 | 354,947.59     | 354,89     |
| 11,675,000   | ALBUQUERQUE NM 2013C             | ABQ2013C | .350  | 7/01/14  | .355  | 100.000000000 | 11,675,000.00  | 11,675,00  |
| 2,600,000    | WESTERN BANK CLOVIS              | 15985    | .450  | 7/15/14  | .450  | 100.000000000 | 2,600,000.00   | 2,600,00   |
| 2,500,000    | WESTERN BANK ALAMOGORDO          | 78945612 | .350  | 7/22/14  | .350  | 100.000000000 | 2,500,000.00   | 2,500,00   |
| 10,000,000   | UNITED STATES TREAS NTS          | 912828LC | 2.625 | 7/31/14  | .201  | 102.210380000 | 10,221,038.00  | 10,223,80  |
| 500,000      | RIO RANCH NM PUBLIC SCH DIST 94  | 767171JU | 3.000 | 8/01/14  | .406  | 102.376162000 | 511,880.81     | 512,21     |
| 435,000      | ALAMOGORDO NM MUNI SCH DIST #1   | 011464HB | 2.000 | 8/01/14  | .406  | 101.462108046 | 441,360.17     | 441,69     |
| 2,005,000    | GADSDEN N MEX INDPT SCH DIST N   | 362550KU | 2.000 | 8/15/14  | .507  | 101.427704738 | 2,033,625.48   | 2,034,29   |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACV | 1.000 | 8/27/14  | .279  | 100.715220700 | 20,143,044.14  | 20,169,20  |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828TQ | .250  | 9/30/14  | .216  | 100.037151650 | 20,007,430.33  | 20,018,00  |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828LS | 2.375 | 10/31/14 | .220  | 102.501435900 | 20,500,287.18  | 20,505,40  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORP  | 3134G3Y6 | .375  | 12/10/14 | .380  | 100.000000000 | 20,000,000.00  | 20,009,80  |
| 10,000,000   | UNITED STATES TREAS NTS          | 912828RV | .250  | 12/15/14 | .330  | 99.897783500  | 9,989,778.35   | 10,004,70  |
| 1,100,000    | WESTERN BANK ALAMOGORDO          | 81185441 | .750  | 12/31/14 | .750  | 100.000000000 | 1,100,000.00   | 1,100,00   |
| 262,200,000  |                                  |          |       |          | .002  |               | 264,227,248.35 | 264,761,59 |

====> 0028 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2014 <====



SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
TREASURER'S OFFICE

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK     | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|----------------|------------|
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828RZ | .250  | 1/15/15  | .263  | 99.982600800  | 19,996,520.16  | 20,003,20  |
| 650,000      | NEW MEXICO ST                    | 647293NQ | 5.000 | 3/01/15  | .426  | 106.841081539 | 694,467.03     | 694,74     |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828MW | 2.500 | 3/31/15  | .316  | 103.437118850 | 20,687,423.77  | 20,690,60  |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828MZ | 2.500 | 4/30/15  | .346  | 103.569221850 | 20,713,844.37  | 20,721,00  |
| 225,000      | SANTA ROSA N MEX CONS SCH DIST   | 802751DM | 1.000 | 5/15/15  | .659  | 100.592160000 | 226,332.36     | 226,24     |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828DV | 4.125 | 5/15/15  | .311  | 106.475441200 | 21,295,088.24  | 21,282,00  |
| 1,350,000    | CLOVIS N MEX GROSS RCPTS TAX R   | 189387CW | 2.000 | 6/01/15  | .760  | 102.168105926 | 1,379,269.43   | 1,379,56   |
| 20,000,000   | UNITED STATES TREASURY NOTES     | 912828NL | 1.875 | 6/30/15  | .327  | 102.819499050 | 20,563,899.81  | 20,550,00  |
| 500,000      | SANTA FE CNTY N MEX              | 801889KB | 5.500 | 7/01/15  | .436  | 109.247068000 | 546,235.34     | 545,86     |
| 275,000      | SANTA FE CNTY N MEX              | 801889MY | 2.000 | 7/01/15  | .406  | 102.918727273 | 283,026.50     | 282,23     |
| 405,000      | RUIDOSO N MEX WASTEWATER REV     | 781324AB | 2.000 | 7/01/15  | .710  | 102.363422222 | 414,571.86     | 413,92     |
| 10,000,000   | UNITED STATES TREAS NTS          | 912828NP | 1.750 | 7/31/15  | .453  | 102.467458800 | 10,246,745.88  | 10,259,40  |
| 400,000      | RUIDOSO N MEX MUN SCH DIST NO    | 781338HY | 2.000 | 8/01/15  | .568  | 102.740810000 | 410,963.24     | 411,14     |
| 200,000      | ALBUQUERQUE N MEX MUN SCH DIST   | 013595QU | 5.000 | 8/01/15  | .507  | 108.572060000 | 217,144.12     | 217,00     |
| 350,000      | ALAMOGORDO NM MUNI SCH DIST #1   | 011464HC | 2.000 | 8/01/15  | .558  | 102.760037143 | 359,660.13     | 359,75     |
| 15,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3ZA | .500  | 8/28/15  | .450  | 100.110267800 | 15,016,540.17  | 15,012,45  |
| 20,000,000   | FED NATL MORTGAGE ASSN DEBS      | 31398A4M | 1.625 | 10/26/15 | .870  | 101.631195350 | 20,326,239.07  | 20,473,20  |
| 20,000,000   | FNMA                             | 3135G0SB | .375  | 12/21/15 | .457  | 99.826199850  | 19,965,239.97  | 19,910,60  |
| 20,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G32F | .520  | 12/28/15 | .526  | 100.000000000 | 20,000,000.00  | 19,921,00  |
| 7,300,000    | FEDERAL HOME LOAN MORTGAGE CORPO | 3134G3FA | 1.100 | 12/30/15 | 1.115 | 100.000000000 | 7,300,000.00   | 7,317,08   |
| 15,000,000   | UNITED STATES TREAS NTS          | 912828PM | 2.125 | 12/31/15 | .433  | 103.914929133 | 15,587,239.37  | 15,562,50  |
| 211,655,000  |                                  |          |       |          | .002  |               | 216,230,450.82 | 216,233,50 |

====> 0021 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2015 <====

SOURCE: VisualQED

MODEL: INVENTORY

USER: SVIGIL

RUN: 9/23/13 @ 08:35:43

BASIS: TRADE (SIC FROM SECURITY-MASTER)

AS-OF: 8/31/13

AMRTZD: BOOK VALUES AMORTIZED THROUGH 8/31/13

STATE OF NEW MEXICO  
TREASURER'S OFFICE

| POSITION-SIZ | DESCRIPTION                      | CUSIP#   | RATE  | MATURITY | YIELD | UNIT-BOOK     | CURRENT BK    | LOC-MKT-VA |
|--------------|----------------------------------|----------|-------|----------|-------|---------------|---------------|------------|
| 15,500,000   | FEDERAL AGRICULTURAL MORTGAGE CO | 31315PVS | .430  | 1/08/16  | .470  | 99.921406129  | 15,487,817.95 | 15,446,37  |
| 15,000,000   | FANNIE MAE                       | 3135G0VA | .500  | 3/30/16  | .544  | 99.905680933  | 14,985,852.14 | 14,930,25  |
| 1,000,000    | NEW MEXICO FIN AUTH REV          | 64711NSK | 4.000 | 6/01/16  | .578  | 109.344385000 | 1,093,443.85  | 1,087,36   |
| 1,075,000    | NEW MEXICO FIN AUTH ST TRANSN    | 64711RAZ | 5.250 | 6/15/16  | .234  | 103.953554419 | 1,117,500.71  | 1,116,90   |
| 10,000,000   | UNITED STATES TREAS NTS          | 912828QR | 1.500 | 6/30/16  | .656  | 102.362071000 | 10,236,207.10 | 10,218,80  |
| 25,000,000   | FEDERAL HOME LOAN MORTGAGE CORPO | 3137EACW | 2.000 | 8/25/16  | 1.295 | 102.108921720 | 25,527,230.43 | 25,811,25  |
| 10,000,000   | FED NATL MORTGAGE ASSN DEBS      | 3136FTUZ | 1.400 | 12/30/16 | 1.419 | 100.000000000 | 10,000,000.00 | 10,030,20  |
| 5,000,000    | FED NATL MORTGAGE ASSN DEBS      | 3136FTUZ | 1.400 | 12/30/16 | 1.419 | 100.000000000 | 5,000,000.00  | 5,015,10   |
| 82,575,000   |                                  |          |       |          | .005  |               | 83,448,052.18 | 83,656,23  |

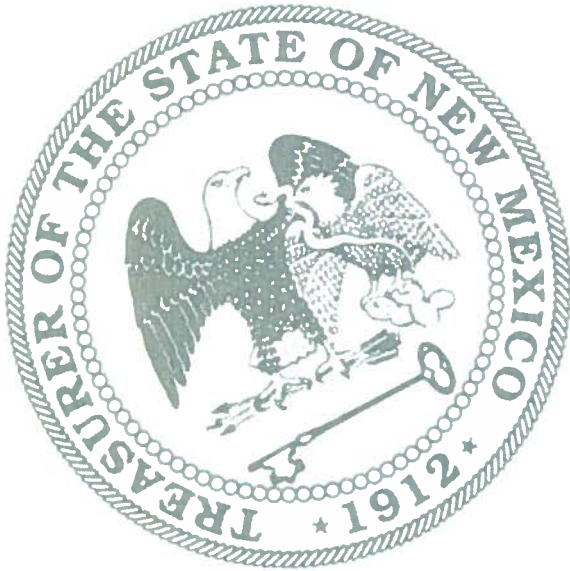
====> 0008 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2016 <====

|            |                                  |          |       |         |      |               |               |           |
|------------|----------------------------------|----------|-------|---------|------|---------------|---------------|-----------|
| 15,000,000 | FEDERAL HOME LOAN BANKS          | 313379FW | 1.000 | 6/09/17 | .836 | 100.647664800 | 15,097,149.72 | 14,821,80 |
| 8,000,000  | FEDERAL AGRICULTURAL MORTGAGE CO | 31315PZT | .650  | 7/10/17 | .874 | 99.197677750  | 7,935,814.22  | 7,814,48  |
| 23,000,000 |                                  |          |       |         | .018 |               | 23,032,963.94 | 22,636,28 |

====> 0002 ITEMS IN SUBTOTAL FOR ====> FINAL-MATURITY.. ====> 2017 <====

|             |  |  |  |  |      |  |                |            |
|-------------|--|--|--|--|------|--|----------------|------------|
| 690,909,940 |  |  |  |  | .001 |  | 698,446,313.85 | 698,803,40 |
|-------------|--|--|--|--|------|--|----------------|------------|

====> 0068 ITEMS IN SUBTOTAL FOR ====> FUND-NAME..... ====> BOND PROCEEDS INV POOL2 TAXABL <



## 14. Portfolio Summary- Severance Tax Bonding Fund

## **Portfolio Summary – Severance Tax Bonding Fund**

### *Summary*

- The Severance Tax Bonding Fund<sup>10</sup> closed the month of August at \$95 Million.
- The Severance Tax Bonding Fund earned over \$3,500 during August.
- The Severance Tax Bonding Fund earned over \$5,000 during FY2014.

### *Portfolio Mix*

- Severance Tax Bonding Fund Proceeds are primarily invested in the overnight repurchase agreement pool.
- Severance Tax Bonding Fund holdings are pledged and used to pay debt service on Severance Tax and Supplemental Severance Tax Bonds.
- Once debt service needs are met, the balance in the Severance Tax Bonding Fund is transferred to the Severance Tax Permanent Fund.
- Severance Taxes are remitted to the Treasury on a monthly basis and range between \$30 and \$35MM per month.
- On January 1<sup>st</sup>, the STBF will transfer available balances, in excess of debt service needs, to the Severance Tax Permanent Fund.

### *Investment Strategy*

- Due to its short-term nature, investments of three to six month maturities are viable investments for the STBF pool.

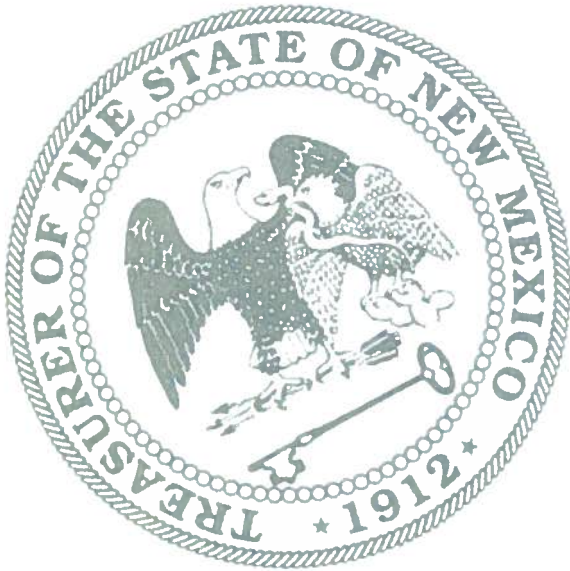
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<sup>10</sup> The Severance Tax Bonding Fund as included in this report excludes debt service fund amounts on outstanding Severance Tax and Supplemental Severance Tax Bonds and Notes. Such debt service balances are included in, and reported on, the Tax-Exempt Bond Purchase Investment Pool.

**STATE OF NEW MEXICO**  
**STB FUND (4001)**  
**Portfolio Classification Summary**  
**Positions Held as of 8/31/13 (TRADE Basis)**

AMTZ ADDED: NO

| ASSET CLASSIFICATION        | ITEMS | YIELD | AVG-TERM | PRINCIPAL  | COST-BASIS | MARKET-VALUE | GAIN/LOSS | %MARKET |
|-----------------------------|-------|-------|----------|------------|------------|--------------|-----------|---------|
| REPURCHASE AGREEMENTS (O/N) | 2     | .0811 | .00820   | 95,546,113 | 95,546,113 | 95,546,113   |           | 99.999  |
| UNITS - INVESTMENT POOL 1   | 1     |       |          | 1,319      | 1,319      | 1,319        |           | .001    |
|                             | 3     | .0811 | .00820   | 95,547,432 | 95,547,432 | 95,547,432   |           | 100.000 |



## 15. Broker Dealer Activities

## Broker-Dealer Activities

The attached summaries detail activities by STO with our Broker-Dealer counterparties. Activities by dealer and by security type are summarized.

STO is in the process of collecting New Mexico registrations for those brokers who were conditionally approved in June.

### *New Mexico Offices*

As required by the investment policy, the following broker-dealers or associated companies maintain offices in New Mexico:

|                            |                          |                   |
|----------------------------|--------------------------|-------------------|
| BNP Paribas                | Bank of the West         | Various Locations |
| BOSC                       | Bank of Albuquerque      | Various Locations |
| Citigroup                  | OneMain Consumer Finance | Various Locations |
| Fidelity Capital Markets   | Fidelity Investments     | Albuquerque, NM   |
| George K. Baum & Company   |                          | Albuquerque, NM   |
| BA Merrill Lynch           | Bank of America          | Various Locations |
| Morgan Stanley             |                          | Various Locations |
| Raymond James & Associates |                          | Various Locations |
| Southwest Securities       |                          | Albuquerque, NM   |
| UBS                        |                          | Various Locations |
| Wells Fargo Securities     | Wells Fargo Bank         | Various Locations |

New Mexico State Treasurer's  
Executive Summary of Investment Activity  
Summary of Broker Participation  
Purchases and Sales By Broker, Market & Security Type  
All Funds

2013-2014

Volume at Par (\$ in thousands)

| Broker/Dealer                   | Jul-13         | Aug-13         | Sep-13        | Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | YTD Total      | Percent       |
|---------------------------------|----------------|----------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|---------------|
| Arbor Research and Trading      |                |                |               |        |        |        |        |        |        |        |        |        |                |               |
| BAML                            | 13,526         |                |               |        |        |        |        |        |        |        |        |        | 13,526         | 0.0%          |
| Barclays                        | 15,000         | 26,077         |               |        |        |        |        |        |        |        |        |        | 41,077         | 3.0%          |
| BB and T (Scott & Stringfellow) |                |                |               |        |        |        |        |        |        |        |        |        |                | 8.0%          |
| BMO Capital Markets             | 55,000         |                |               |        |        |        |        |        |        |        |        |        | 55,000         | 0.0%          |
| BNP Paribas                     |                | 8,250          |               |        |        |        |        |        |        |        |        |        | 8,250          | 12.0%         |
| BOSC, Inc                       |                |                |               |        |        |        |        |        |        |        |        |        |                | 1.8%          |
| Cantor, Fitzgerald              |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Carolina Capital Markets        |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| CastleOak Securities LP         | 16,000         |                | 10,000        |        |        |        |        |        |        |        |        |        | 26,000         | 0.0%          |
| Chilgroup                       | 12,500         | 30,000         |               |        |        |        |        |        |        |        |        |        | 42,500         | 5.7%          |
| Credit Suisse                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 8.3%          |
| CRT Capital Group               |                | 20,000         |               |        |        |        |        |        |        |        |        |        | 20,000         | 0.0%          |
| Daiwa Capital Markets America   |                | 21,000         |               |        |        |        |        |        |        |        |        |        | 21,000         | 4.4%          |
| Deutsche Bank                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 4.8%          |
| Fidelity Capital Markets        |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| First Southwest                 | 200            | 200            |               |        |        |        |        |        |        |        |        |        | 400            | 0.0%          |
| FTN Financial                   | 6,000          | 20,000         |               |        |        |        |        |        |        |        |        |        | 26,000         | 0.1%          |
| George K Baum & Co              |                |                |               |        |        |        |        |        |        |        |        |        |                | 5.7%          |
| Goldman Sachs                   | 15,000         |                |               |        |        |        |        |        |        |        |        |        | 15,000         | 0.6%          |
| Graef Pacific                   | 25,000         | 10,000         |               |        |        |        |        |        |        |        |        |        | 35,000         | 3.3%          |
| Guggenheim Securities LLC       |                |                |               |        |        |        |        |        |        |        |        |        |                | 7.8%          |
| Harvesters Securities Inc       |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.6%          |
| HSBC                            | 18,578         | 15,000         |               |        |        |        |        |        |        |        |        |        | 33,578         | 0.6%          |
| InCapital LLC                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 7.3%          |
| Jefries                         | 15,000         |                |               |        |        |        |        |        |        |        |        |        | 15,000         | 0.6%          |
| KeyBank Capital Markets         |                |                |               |        |        |        |        |        |        |        |        |        |                | 3.3%          |
| Lavson Financial                |                | 2,675          |               |        |        |        |        |        |        |        |        |        | 2,675          | 0.0%          |
| Loop Capital Markets            |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| MFR Securities                  |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Mitsubishi UFJ                  |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Mizuho Securities USA           | 15,000         |                |               |        |        |        |        |        |        |        |        |        | 15,000         | 0.6%          |
| Morgan Stanley                  |                | 6,000          |               |        |        |        |        |        |        |        |        |        | 6,000          | 3.3%          |
| Muriel Siebert & Co             |                |                |               |        |        |        |        |        |        |        |        |        |                | 1.3%          |
| Mutual Securities               |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Nomura                          | 1,300          |                |               |        |        |        |        |        |        |        |        |        | 1,300          | 0.0%          |
| Northern Trust                  |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.3%          |
| Piper Jaffray                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Raymond, James & Associates     |                |                | 1,000         |        |        |        |        |        |        |        |        |        | 1,000          | 0.0%          |
| RBS Securities                  |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.2%          |
| Robert W. Baird & Co.           |                | 500            | 1,500         |        |        |        |        |        |        |        |        |        | 2,000          | 0.0%          |
| RW Preasprich                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.4%          |
| Societe General Americas        |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| South Street                    |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Stifel Nicklaus                 | 12,000         | 750            |               |        |        |        |        |        |        |        |        |        | 12,750         | 0.0%          |
| SunTrust Robinson Humphrey      |                |                |               |        |        |        |        |        |        |        |        |        |                | 2.8%          |
| Tradition Asset Securities      |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| TD Securities                   | 10,500         | 15,800         |               |        |        |        |        |        |        |        |        |        | 26,300         | 0.0%          |
| UBS Financial Services          |                |                |               |        |        |        |        |        |        |        |        |        |                | 5.7%          |
| Vining Sparks                   |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Wedbush Securities              |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Wells Fargo Securities          | 16,900         |                | 5,000         |        |        |        |        |        |        |        |        |        | 21,900         | 0.0%          |
| Williams Capital Group          |                |                |               |        |        |        |        |        |        |        |        |        |                | 4.8%          |
| Direct Purchase                 | 12,065         |                | 5,000         |        |        |        |        |        |        |        |        |        | 17,065         | 0.0%          |
| Interfund                       |                |                |               |        |        |        |        |        |        |        |        |        |                | 3.7%          |
| <b>Total</b>                    | <b>259,569</b> | <b>176,252</b> | <b>22,500</b> |        |        |        |        |        |        |        |        |        | <b>458,321</b> | <b>65.8%</b>  |
| <b>Market type:</b>             |                |                |               |        |        |        |        |        |        |        |        |        |                |               |
|                                 | Jul-13         | Aug-13         | Sep-13        | Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | YTD Total      |               |
| Primary Market                  | 84,766         | 138,252        | 17,500        |        |        |        |        |        |        |        |        |        | 238,517        | 52.0%         |
| Secondary Market                | 174,804        | 40,000         | 5,000         |        |        |        |        |        |        |        |        |        | 219,804        | 48.0%         |
| <b>Total</b>                    | <b>259,569</b> | <b>176,252</b> | <b>22,500</b> |        |        |        |        |        |        |        |        |        | <b>458,321</b> | <b>100.0%</b> |
| <b>Security type:</b>           |                |                |               |        |        |        |        |        |        |        |        |        |                |               |
| - 2                             | Jul-13         | Aug-13         | Sep-13        | Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | YTD Total      |               |
| ABS                             |                |                |               |        |        |        |        |        |        |        |        |        |                | 215           |
| Agencies                        | 110,804        | 150,642        | 10,000        |        |        |        |        |        |        |        |        |        | 271,446        | 59.2%         |
| Certificates of Deposit         | 7,100          |                | 5,000         |        |        |        |        |        |        |        |        |        | 12,100         | 2.6%          |
| Commercial Paper                |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Corporate Bonds                 |                | 1,485          |               |        |        |        |        |        |        |        |        |        | 1,485          | 0.3%          |
| MBS                             |                |                |               |        |        |        |        |        |        |        |        |        |                | 0.0%          |
| Municipal/Sponge                | 5,165          | 4,125          | 2,500         |        |        |        |        |        |        |        |        |        | 11,790         | 2.6%          |
| Treasuries                      | 136,500        | 20,000         | 5,000         |        |        |        |        |        |        |        |        |        | 161,500        | 35.2%         |
| <b>Total</b>                    | <b>259,569</b> | <b>176,252</b> | <b>22,500</b> |        |        |        |        |        |        |        |        |        | <b>458,321</b> | <b>100.0%</b> |



# STATE OF NEW MEXICO

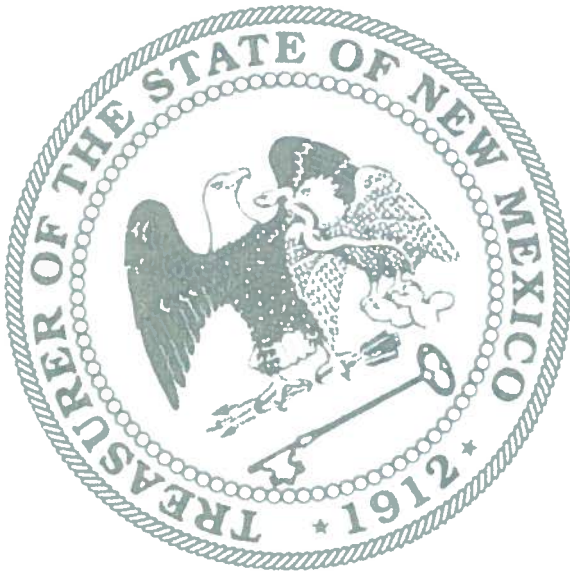
## Summary of Fixed-Income Purchases and Sales

TRADES During The Period 8/01/14 Through 8/31/14

| TXN-DATE                              | CUSIP#   | ASSET-TYPE      | INVT# | ISSUE-NAME | RATE                    | MATURITY | YIELD    | BRKR/DLR/AGENT | FUND            | PAR-VALUE      | COST/PROCEEDS  | GAIN/LOSS     | NXT-CALL  |
|---------------------------------------|----------|-----------------|-------|------------|-------------------------|----------|----------|----------------|-----------------|----------------|----------------|---------------|-----------|
| <b><u>PURCHASE TRANSACTIONS</u></b>   |          |                 |       |            |                         |          |          |                |                 |                |                |               |           |
| 8/09/13                               | 912828VR | US TREASURY     | NOT   | 19720      | UNITED STATES TREASURY  | .625     | 8/15/16  | .6197          | CRT CAPITAL GRO | 1001           | 20,000,000.00  | 20,003,125.00 |           |
| 8/05/13                               | 313383RX | AGENCY US BOND  |       | 19689      | FEDERAL HOME LOAN BANKS | .130     | 4/22/14  | .1366          | DAIWA CAPITAL M | 4101           | 19,000,000.00  | 18,999,107.00 |           |
| 8/20/13                               | 3133762C | AGENCY US BOND  |       | 19780      | FEDERAL HOME LOAN BANKS | .375     | 11/27/13 | .0817          | BNP PARIBAS     | 4002           | 8,250,000.00   | 8,256,450.34  |           |
| 8/21/13                               | 313383W4 | AGENCY US BOND  |       | 19793      | FEDERAL HOME LOAN BANKS | .100     | 2/14/14  | .1084          | HSBC            | 4000           | 15,000,000.00  | 14,999,400.00 |           |
| 8/21/13                               | 3134A4UK | AGENCY US BOND  |       | 19794      | FEDERAL HOME LOAN MORTG | 4.875    | 11/15/13 | .0819          | BARCLAYS        | 4000           | 2,008,000.00   | 2,030,180.63  |           |
| 8/23/13                               | 31331KAH | AGENCY US BOND  |       | 19816      | FEDERAL FARM CREDIT BAN | 1.125    | 2/27/14  | .1024          | TD SECURITIES   | 4002           | 3,500,000.00   | 3,517,986.50  |           |
| 8/15/13                               | 313385PG | AGENCY US DISC  |       | 19758      | FEDERAL HOME LOAN BANKS |          | 11/15/13 | .0800          | FTN FINANCIAL S | 4000           | 15,000,000.00  | 14,996,966.67 |           |
| 8/15/13                               | 313589NA | AGENCY US DISC  |       | 19757      | FEDERAL NATIONAL MORTGA |          | 10/16/13 | .0720          | CITI GROUP      | 4000           | 15,000,000.00  | 14,998,170.00 |           |
| 8/15/13                               | 313589NA | AGENCY US DISC  |       | 19759      | FEDERAL NATIONAL MORTGA |          | 10/16/13 | .0720          | CITI GROUP      | 4002           | 15,000,000.00  | 14,998,170.00 |           |
| 8/22/13                               | 313397TM | AGENCY US DISC  |       | 19807      | FEDERAL HOME LOAN MORTG |          | 2/24/14  | .1001          | TD SECURITIES   | 4002           | 2,300,000.00   | 2,298,818.05  |           |
| 8/14/13                               | 3137EADS | AGENCY US NOTES |       | 19746      | FEDERAL HOME LOAN MORTG | .875     | 10/14/16 | .8798          | TD SECURITIES   | 1001           | 10,000,000.00  | 9,998,500.00  |           |
| 8/14/13                               | 3137EADS | AGENCY US NOTES |       | 19746      | FEDERAL HOME LOAN MORTG | .875     | 10/14/16 | .8798          | GREAT PACIFIC S | 1001           | 10,000,000.00  | 9,998,500.00  |           |
| 8/19/13                               | 3134G3NS | AGENCY US NOTES |       | 19778      | FEDERAL HOME LOAN MORTG | .300     | 3/21/14  | .1313          | FTN FINANCIAL S | 4000           | 5,000,000.00   | 5,004,940.00  |           |
| 8/21/13                               | 3137EACL | AGENCY US NOTES |       | 19792      | FEDERAL HOME LOAN MORTG | .875     | 10/28/13 | .0812          | BARCLAYS        | 4000           | 2,584,000.00   | 2,587,758.82  |           |
| 8/22/13                               | 313383M2 | AGENCY US NOTES |       | 19805      | FEDERAL HOME LOAN BANKS | .100     | 1/06/14  | .1023          | MORGAN STANLEY  | 4000           | 6,000,000.00   | 5,999,949.72  |           |
| 8/20/13                               | 3133ECLM | AGENCY US VARIA |       | 19791      | FEDERAL FARM CREDIT BAN | .230     | 3/16/15  | .1988          | DAIWA CAPITAL M | 4101           | 2,000,000.00   | 2,000,954.58  |           |
| 8/02/13                               | 013538KJ | MUNI US 30/360  |       | 19672      | ALBU UER UE N MEX ARPT  | 5.000    | 7/01/14  | .4000          | FIRST SOUTHWEST | 1001           | 200,000.00     | 208,256.00    |           |
| 8/14/13                               | 077581NT | MUNI US 30/360  |       | 19748      | BELEN N MEX CONS SCH DI | 2.000    | 8/01/14  | .3506          | LAWSON FINANCIA | 1001           | 2,175,000.00   | 2,206,211.25  |           |
| 8/14/13                               | 077581NU | MUNI US 30/360  |       | 19749      | BELEN N MEX CONS SCH DI | 2.000    | 8/01/15  | .5003          | ROBERT W BAIRD  | 1001           | 250,000.00     | 256,977.50    |           |
| 8/14/13                               | 077581NU | MUNI US 30/360  |       | 19749      | BELEN N MEX CONS SCH DI | 2.000    | 8/01/15  | .5003          | LAWSON FINANCIA | 1001           | 250,000.00     | 256,977.50    |           |
| 8/14/13                               | 077581NV | MUNI US 30/360  |       | 19750      | BELEN N MEX CONS SCH DI | 2.000    | 8/01/16  | .7700          | ROBERT W BAIRD  | 1001           | 250,000.00     | 258,717.50    |           |
| 8/14/13                               | 077581NV | MUNI US 30/360  |       | 19750      | BELEN N MEX CONS SCH DI | 2.000    | 8/01/16  | .7700          | LAWSON FINANCIA | 1001           | 250,000.00     | 258,717.50    |           |
| 8/19/13                               | 85279PF8 | MUNICIPAL BOND  |       | 19779      | BERNALILLO NM MUNI SCH  | 3.130    | 8/01/15  | .5052          | STIFFEL NICOLAU | 1001           | 250,000.00     | 262,662.50    |           |
| 8/22/13                               | 013595RX | MUNICIPAL BOND  |       | 19806      | ALBU UER UE N MEX MUN S | 2.000    | 8/01/15  | .4502          | STIFFEL NICOLAU | 1001           | 500,000.00     | 514,280.00    |           |
| 8/20/13                               | 22087WAC | CORP US DISC AC |       | 17754      | CORUS CONSTRUCTION VENT |          | 10/25/13 | .1320          | BARCLAYS        | 4101           | 1,485,000.00   | 1,484,651.52  |           |
| 25 PURCHASES DURING PERIOD TOTAL..... |          |                 |       |            |                         |          |          |                |                 | 156,252,000.00 | 156,396,428.58 |               |           |
| <b><u>SALE TRANSACTIONS</u></b>       |          |                 |       |            |                         |          |          |                |                 |                |                |               |           |
| 8/15/13                               | 313376UF | AGENCY US BOND  |       | 16808      | FED HOME LOAN BANKS     | .375     | 1/29/14  | .1058          | BARCLAYS        | 1001           | 20,000,000.00  | 20,024,360.00 | 19,257.85 |
| 1 SALES DURING PERIOD TOTAL.....      |          |                 |       |            |                         |          |          |                |                 | 20,000,000.00  | 20,024,360.00  | 19,257.85     |           |
| === GRAND-TOTAL ===>                  |          |                 |       |            |                         |          |          |                |                 | 176,252,000.00 | 176,420,788.58 | 19,257.85     |           |

\*\*\* END-OF-REPORT \*\*\*

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## 16. State Agency Deposit Balances



**James B. Lewis**  
State Treasurer

STATE OF NEW MEXICO  
**OFFICE OF THE TREASURER**


**Marilyn Hill**  
Deputy State Treasurer

P. O. Box 5135  
2055 South Pacheco, Suite 100  
Santa Fe, New Mexico 87505  
Phone: (505) 955-1120  
FAX (505) 955-1195

Date: September 24, 2013

To: James B. Lewis, State Treasurer

For: Governor Martinez and Members of the State Board of Finance

From: Samuel K. Collins, Jr., State Cash Manager 

Subject: State Fund Deposit Activity for the month ending August 31, 2013

Pursuant to section 8-6-3.1 NMSA 1978, the State Cash Manager shall submit to the State Board of Finance a report showing state fund balances in each Financial Institution. Attached for your review is a summary of State fund balances in each institution through August 31, 2013.

Additionally, the State Treasurer's Office is required to report to the State Board of Finance any Financial Institution that exceeds certain equity capital and deposit ratios and notify all state agencies who maintain State fund deposits within those institutions of the violation. Agencies are also advised not to make any new deposits until the violations are corrected. Pursuant to section 6-10-24.1 NMSA 1978 there were no Financial Institutions exceeding the statutory limitations on equity capital and deposit ratios for the month ending August 31, 2013

(Attachments)

## Depository Account Summary by Agency

**August 2013**

### STATE FUNDS

| AGENCY                         | # OF<br>ACCTS. | BALANCE      |
|--------------------------------|----------------|--------------|
| AOC (fines, fees etc.)         | 51             | \$3,210,043  |
| BERN. CO. METRO COURT          | 2              | \$361,583    |
| 1-13 DISTRICT ATTORNEY         | 6              | \$39,322     |
| EDUCATION RETIREMENT BOARD     | 1              | \$33,904     |
| TAXATION & REVENUE DEPT.       | 31             | \$153,772    |
| PUBLIC SCHOOL INS. AUTHORITY   | 6              | \$33,137,764 |
| NMRHCA                         | 1              | \$0          |
| PUBLIC DEFENDER                | 1              | \$565        |
| SECRETARY OF STATE             | 1              | \$0          |
| STATE TREASURER (JDC)          | 36             | \$217,034    |
| STATE TREASURER (OTHER INVEST) | 0              | \$0          |
| NM RACING COMMISSION           | 7              | \$258,957    |
| SPACEPORT AUTHORITY            | 0              | \$0          |
| DEPT. OF GAME & FISH           | 2              | \$91,687     |
| SOUTHWEST REGION ED.           | 1              | \$2,386,099  |
| ENERGY & MINERALS              | 4              | \$243,607    |
| COMMISSION PUBLIC LAND         | 2              | \$24,295     |
| STATE ENGINEER'S OFFICE        | 4              | \$378,475    |
| IRRG WKS CONST                 | 1              | \$252,337    |
| COMMISSION FOR THE BLIND       | 0              | \$0          |
| HUMAN SERVICES DEPT.           | 5              | \$29,156     |
| WORKFORCE SOLUTIONS            | 5              | \$1,459,833  |
| DIVISION OF VOCATIONAL REHAB   | 1              | \$42,351     |
| MINER'S HOSPITAL               | 5              | \$4,384,314  |
| DEPARTMENT OF HEALTH           | 39             | \$473,861    |
| ENVIRONMENT DEPARTMENT         | 1              | \$0          |
| CORRECTIONS DEPARTMENT         | 5              | \$1,767      |
| DEPT. OF PUBLIC SAFETY         | 2              | \$57,600     |
| HIGHWAY & TRANSPORTATION       | 4              | \$1,079      |
| CENTRAL REGIONAL CO-OP         | 1              | \$420,565    |

Total: 225 \$47,659,970

**Total Depository Balances:** \$248,608,673

**Total Depository Accounts:** 388

### NON-STATE FUNDS

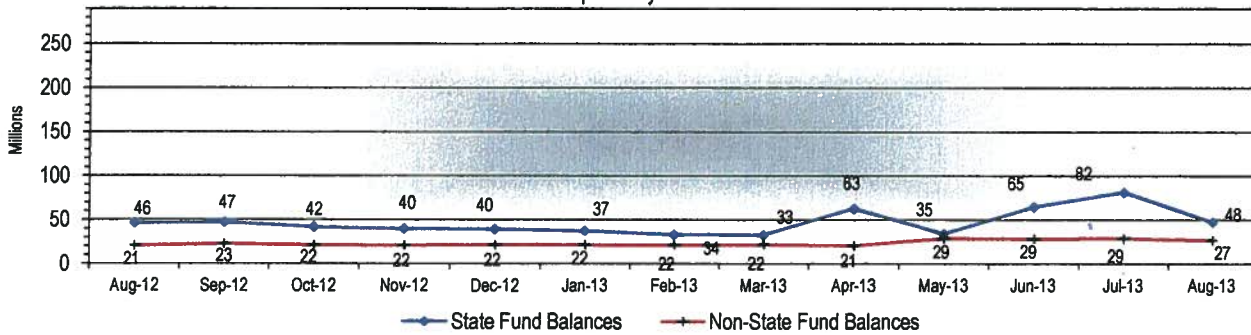
| AGENCY                       | # OF<br>ACCTS. | BALANCE       |
|------------------------------|----------------|---------------|
| AOC (Bonds)                  | 50             |               |
| 1ST JUDICIAL DIST. COURT     | 3              | \$1,484,012   |
| 2ND JUDICIAL DIST. COURT     | 2              | \$1,137,830   |
| 3RD JUDICIAL DIST. COURT     | 2              | \$1,792,352   |
| 4TH JUDICIAL DIST. COURT     | 4              | \$92,504      |
| 5TH JUDICIAL DIST. COURT     | 3              | \$1,104,507   |
| 6TH JUDICIAL DIST. COURT     | 3              | \$353,058     |
| 7TH JUDICIAL DIST. COURT     | 4              | \$153,590     |
| 8TH JUDICIAL DIST. COURT     | 4              | \$259,239     |
| 9TH JUDICIAL DIST. COURT     | 2              | \$571,457     |
| 10TH JUDICIAL DIST. COURT    | 2              | \$477,322     |
| 11TH JUDICIAL DIST. COURT    | 10             | \$825,466     |
| 12TH JUDICIAL DIST. COURT    | 4              | \$1,357,481   |
| 13TH JUDICIAL DIST. COURT    | 65             | \$10,347,850  |
| BERNALILLO CO. METRO COURT   | 2              | \$702,315     |
| 6TH DISTRICT ATTORNEY        | 3              | \$23,622      |
| 7TH DISTRICT ATTORNEY        | 1              | \$1,715       |
| 10TH DISTRICT ATTORNEY       | 1              | \$255         |
| 11TH JUDICIAL DIST. ATTORNEY | 1              | \$3,157       |
| ATTORNEY GENERAL             | 1              | \$2,886       |
| LGIP                         | 3              | \$173,789,018 |
| PUBLIC REG. COMMISSION       | 2              | \$628,564     |
| NM STATE FAIR                | 5              | \$2,165,469   |
| SOUTHWEST REGION ED.         | 1              | \$15          |
| COMM STATUS OF WOMEN         | 0              | \$0           |
| COMM FOR THE BLIND           | 2              | \$237,998     |
| WORKFORCE SOLUTIONS          | 0              | \$0           |
| MINER'S HOSPITAL             | 1              | \$1,590       |
| DEPARTMENT OF HEALTH         | 11             | \$1,011,875   |
| CHILDREN, YOUTH & FAMILIES   | 6              | \$91,723      |
| CORRECTIONS DEPARTMENT       | 12             | \$1,909,099   |
| DEPT. OF PUBLIC SAFETY       | 2              | \$24,394      |
| CENTRAL REGION CO-OP         | 1              | \$398,340     |

Total: 163 \$200,948,703

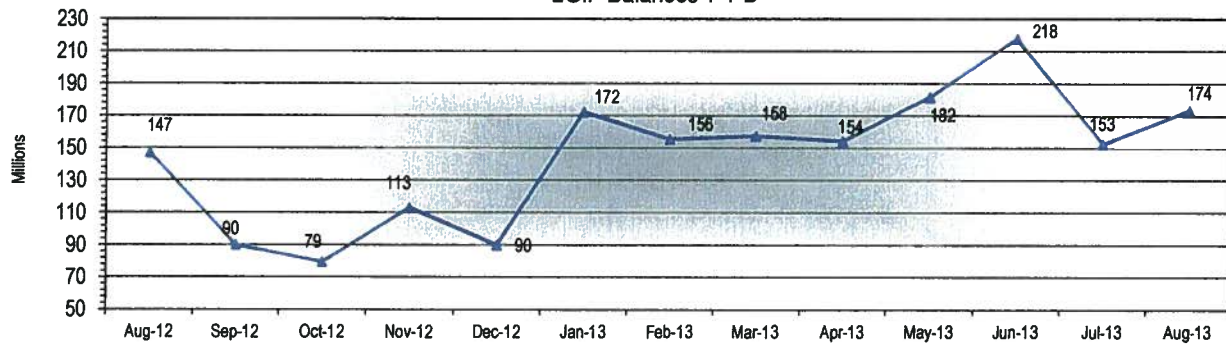


## Depository Account Summary -August 2013

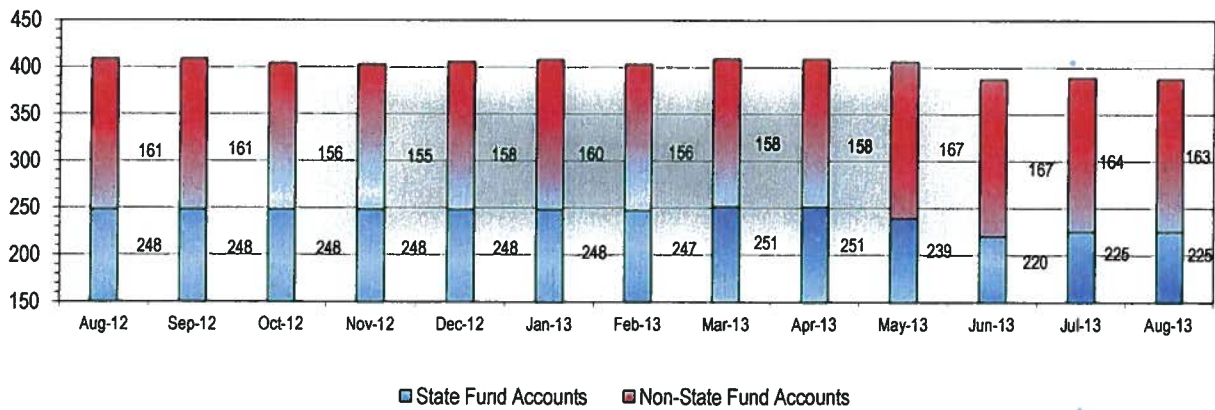
Depository Balances Y-T-D



LGIP Balances Y-T-D



Number of Authorized Depository Accounts



Depository accounts authorized in Aug 2013 pursuant to Section 6-1-13 NMSA :

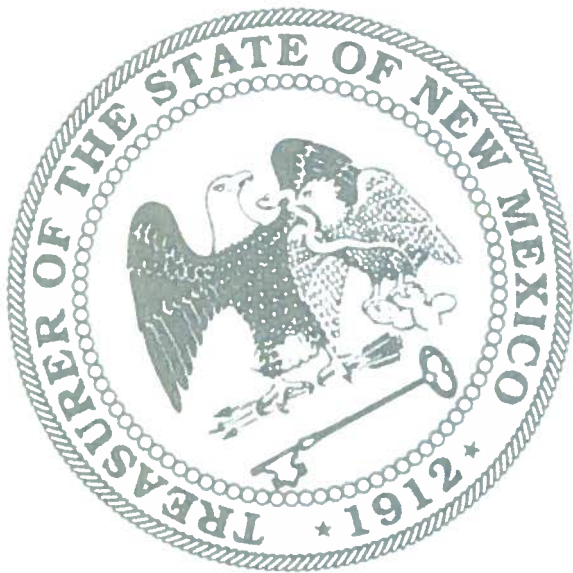
Depository accounts opened in Aug 2013 1 13th Judicial District Court

Depository accounts closed in Aug 2013 1 13th Judicial District Court

1 State Treasurer's Office

**State Fund Balances by Financial Institution****Aug-2013**

|  |                          |
|--|--------------------------|
| Bank 34/Alamogordo                       | 0                        |
| Century Bank/Santa Fe                    | 7,477                    |
| First National Bank/Alamogordo           | 147,893                  |
| Bank of America/Albuquerque              | 803,428                  |
| Wells Fargo Bank/Albuquerque             | 38,031,680               |
| Compass Bank/Albuquerque                 | 2,603,778                |
| Bank of the West/Albuquerque             | 621                      |
| First American Bank/Artesia              | 113,717                  |
| My Bank/Belen                            | 7,975                    |
| Carlsbad National Bank/Carlsbad          | 800                      |
| Western Commerce Bank/Carlsbad           | 86,094                   |
| Farmers/Stockmens Bank/Clayton           | 47,575                   |
| First National Bank/Clayton              | 4,398,643                |
| Bank of Clovis/Clovis                    | 0                        |
| Citizens Bank/Clovis                     | 127,191                  |
| NM Bank & Trust/Albuquerque              | 171,654                  |
| Community Bank/Santa Fe                  | 1,535                    |
| Valley National Bank/Espanola            | 500                      |
| Pinnacle Bank/Gallup                     | 0                        |
| Grants State Bank/Grants                 | 100                      |
| Lea County State Bank/Hobbs              | 131,622                  |
| Citizens Bank/Las Cruces                 | 0                        |
| Southwest Capitol/Las Vegas              | 148,916                  |
| Community 1st Bank/Las Vegas             | 269,475                  |
| Western Bank/Lordsburg                   | 62,356                   |
| Los Alamos National Bank/Los Alamos      | 36,053                   |
| James Polk Stone National Bank/Portales  | 425                      |
| International Bank/Raton                 | 40,840                   |
| Valley Bank of Commerce/Roswell          | 77,759                   |
| First National Bank of Santa Fe/Santa Fe | 0                        |
| First State Bank/Socorro                 | 20,691                   |
| Centinel Bank/Taos                       | 80,636                   |
| US Bank/Albuquerque                      | 114,999                  |
| Bank of the Southwest/Roswell            | 82,581                   |
| People's Bank                            | 19,655                   |
| AmBank                                   | 23,301                   |
| <b>Total:</b>                            | <b><u>47,659,970</u></b> |



## 17. Collateral Report on Agency Deposits & CDs



# Office of the Treasurer

## Collateral Review

### Accumulated Total by Institution

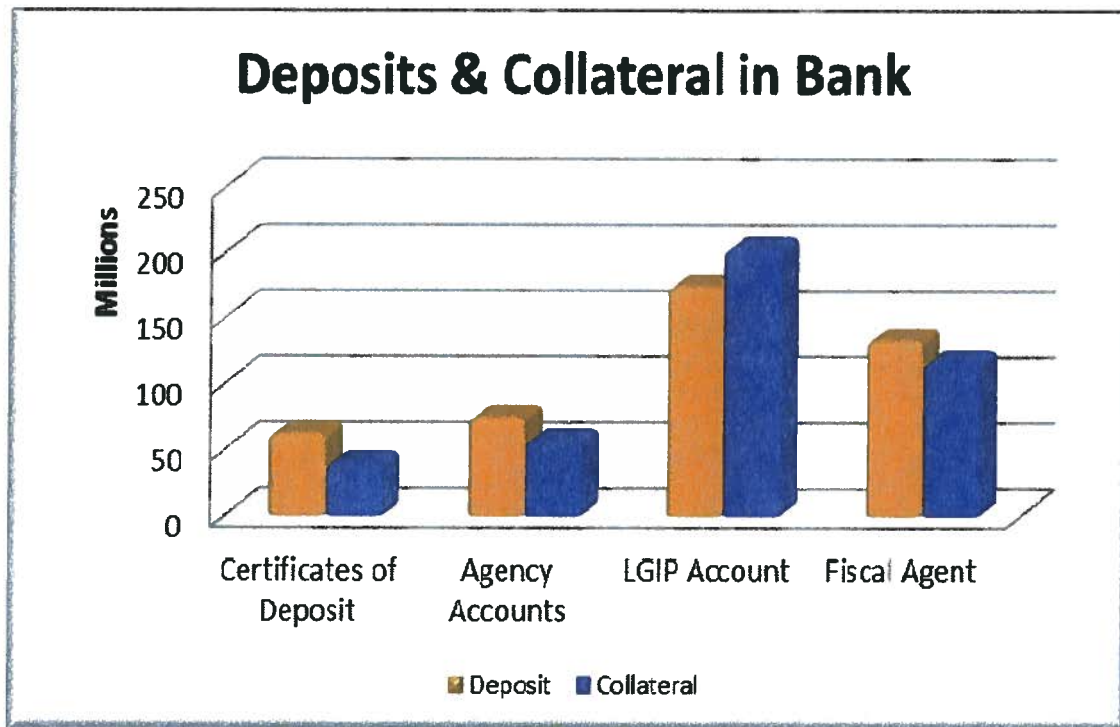
### August 31, 2013

| FINANCIAL INSTITUTION       | %    | TOTAL DEPOSITS | FDIC / NCUA INSURANCE | LESS INSURANCE COVERAGE | SUBJECT TO BE COLLATERALIZED | COLLATERAL PLEDGED | EXCESS (UNDER) |
|-----------------------------|------|----------------|-----------------------|-------------------------|------------------------------|--------------------|----------------|
| First National - Alamogordo | 50%  | 573,771        | 250,000               | 323,771                 | 161,886                      | 252,338            | 90,452         |
| Western - Alamogordo        | 75%  | 3,600,000      | 250,000               | 3,350,000               | 2,512,500                    | 3,457,988          | 945,488        |
| Bank of America             | 50%  | 1,241,427      | 1,290,909             | -49,482                 | -24,741                      | 4,108,818          | 4,133,559      |
| Bank of the West            | 50%  | 120,376,306    | 250,585               | 120,125,721             | 60,062,860                   | 127,319,831        | 67,256,971     |
| BBVA Compass                | 102% | 2,603,797      | 2,078,339             | 525,458                 | 535,968                      | 4,881,882          | 4,345,914      |
| US Bank                     | 50%  | 31,240,557     | 378,104               | 30,862,453              | 15,431,227                   | 35,000,000         | 19,568,773     |
| Wells Fargo                 | 50%  | 82,921,221     | 12,877,198            | 70,044,023              | 35,022,011                   | 82,281,265         | 47,259,253     |
| First American              | 50%  | 113,717        | 113,717               | 0                       | 0                            | 0                  | 0              |
| My Bank                     | 102% | 210,049        | 210,049               | 0                       | 0                            | 0                  | 0              |
| Carlsbad National           | 50%  | 800            | 800                   | 0                       | 0                            | 0                  | 0              |
| Western Commerce            | 50%  | 4,086,094      | 290,178               | 3,795,916               | 1,897,958                    | 2,154,257          | 256,299        |
| Farmers & Stockmen          | 50%  | 6,081,086      | 266,971               | 5,814,116               | 2,907,058                    | 3,207,581          | 300,523        |
| First National - Clayton    | 50%  | 4,398,643      | 250,000               | 4,148,643               | 2,074,321                    | 2,089,250          | 14,928         |
| Bank of Clovis              | 50%  | 571,457        | 250,000               | 321,457                 | 160,728                      | 571,457            | 410,728        |
| Citizens - Clovis           | 50%  | 127,192        | 127,192               | 0                       | 0                            | 0                  | 0              |
| NM Bank & Trust             | 50%  | 171,654        | 171,654               | 0                       | 0                            | 265,353            | 265,353        |
| Western - Clovis            | 50%  | 3,100,000      | 250,000               | 2,850,000               | 1,425,000                    | 1,948,541          | 523,541        |
| Valley National             | 102% | 500            | 500                   | 0                       | 0                            | 0                  | 0              |
| Pinnacle                    | 50%  | 0              | 0                     | 0                       | 0                            | 0                  | 0              |
| Grants State                | 50%  | 88,362         | 88,362                | 0                       | 0                            | 0                  | 0              |
| Lea County State            | 50%  | 131,623        | 131,623               | 0                       | 0                            | 100,000            | 100,000        |
| Citizens - Las Cruces       | 50%  | 3,594          | 3,594                 | 0                       | 0                            | 0                  | 0              |
| Southwest Capital           | 50%  | 710,730        | 278,923               | 431,807                 | 215,904                      | 738,568            | 522,664        |
| Community 1st - Las Vegas   | 50%  | 269,475        | 269,475               | 0                       | 0                            | 653,996            | 653,996        |
| Western - Lordsburg         | 50%  | 108,515        | 108,515               | 0                       | 0                            | 0                  | 0              |
| Los Alamos National         | 75%  | 36,053         | 36,053                | 0                       | 0                            | 0                  | 0              |
| James Polk Stone Communi    | 50%  | 398,765        | 398,765               | 0                       | 0                            | 160,457            | 160,457        |
| International               | 50%  | 95,218         | 95,218                | 0                       | 0                            | 0                  | 0              |
| Bank of the Southwest       | 50%  | 426,347        | 255,718               | 170,629                 | 85,314                       | 243,734            | 158,420        |
| Valley Commerce             | 50%  | 77,759         | 77,759                | 0                       | 0                            | 0                  | 0              |
| Century                     | 50%  | 24,636,041     | 500,000               | 24,136,041              | 12,068,021                   | 15,498,521         | 3,430,501      |
| Community                   | 102% | 197,605        | 197,605               | 0                       | 0                            | 0                  | 0              |
| First National - Santa Fe   | 50%  | 15,000,000     | 15,000,000            | 0                       | 0                            | 7,628,700          | 7,628,700      |
| First State                 | 50%  | 79,160         | 79,160                | 0                       | 0                            | 0                  | 0              |
| AM                          | 50%  | 23,301         | 23,301                | 0                       | 0                            | 0                  | 0              |
| Centinel                    | 50%  | 80,638         | 80,638                | 0                       | 0                            | 0                  | 0              |
| Peoples                     | 75%  | 19,655         | 19,655                | 0                       | 0                            | 0                  | 0              |
| BANK'34                     | 102% | 2,500,913      | 2,500,913             | 0                       | 0                            | 2,330,951          | 2,330,951      |
| Union Savings               | 50%  | 4,000,000      | 4,000,000             | 0                       | 0                            | 3,785,316          | 3,785,316      |
| Guadalupe Credit            | 50%  | 250,000        | 250,000               | 0                       | 0                            | 0                  | 0              |
|                             |      | 310,552,026    | 43,701,473            | 266,850,552             | 134,536,015                  | 298,678,801        | 164,142        |



## Office of the Treasurer Collateral Summary Review August 31, 2013

All depository institutions holding public funds for the month ending August 2013 met the minimum collateral requirements. The required ratio of collateral for each depository institution holding public funds is determined by a statutorily defined quarterly risk assessment and is not intended as an opinion as to the financial health of the subject institution.



### Balances

|                        | <u>Deposit</u>       | <u>Collateral</u>    | <u>Percentage</u> |
|------------------------|----------------------|----------------------|-------------------|
| Certificate of Deposit | \$ 62.0 Million      | \$ 39.2 Million      | 63.3%             |
| Agency Deposit         | 74.2 Million         | 56.4 Million         | 76.1%             |
| LGIP Deposits          | 173.8 Million        | 202.6 Million        | 116.6%            |
| Fiscal Agent           | 136.0 Million        | 107.3 Million        | 78.9%             |
| <b>Totals →</b>        | <b>445.9 Million</b> | <b>405.6 Million</b> | <b>90.9%</b>      |

# LGIP Bank Deposits

## August 31, 2013

| <u>Financial Insitution</u> | <u>Percentage</u> | <u>Deposit</u> | <u>Collateral</u> |
|-----------------------------|-------------------|----------------|-------------------|
| Bank of the West            | 103.4%            | 118,586,926    | 122,672,343       |
| US Bank                     | 116.3%            | 30,106,356     | 35,000,000        |
| Wells Fargo                 | 178.8%            | 25,095,736     | 44,883,638        |

